REPORT

ON THE

Working of Co-operative Societies in Bihar and Orissa for the year 1928

Superintendent, Government Printing,
Bihar and Orissa, Patna.
1929.

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FROM

RAI BAHADUR DURGA PRASAD, M.A.,
REGISTRAR OF CO-OPERATIVE SOCIETIES,
BIHAR AND ORISSA,

To

THE SECRETARY TO THE GOVERNMENT
OF BIHAR AND ORISSA, EDUCATION AND
DEVELOPMENT DEPARTMENT.

Dated Patna, the 24th October 1929.

SUBJECT.—Annual Report.

SIR,

I HAVE the honour to submit herewith the Annual Report on the working of Co-operative Societies in Bihar and Orissa, for the year ending 31st December 1928.

I have the honour to be,

SIR,

Your most obedient servant,

D. PRASAD,

Registrar.

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Report on the working of Co-operative Societies in Bihar and Orissa for the year 1928.

ADMINISTRATION.

1. *General control.*—I was in charge of the Department throughout the year while Mr. N. K. Roy continued to hold immediate charge of the three circles in Orissa and Chota Nagpur divisions as Deputy Registrar.

There were some changes in the personnel of Assistant Registrars but the number of circles remained 9 as before. Babu Bansi Prasad, who was in charge of Patna Circle, was transferred to Sambalpur Circle while Maulavi Anwar Karim, Assistant Registrar of Monghyr Circle, went on 4 months' leave from 21st April, 1928. Pending receipt of Government sanction to the appointment of Babu Rai Brij Bihari Saran, a new recruit, Babu Mathura Prasad, Assistant Registrar, Bhagalpur Circle, was placed in additional charge of the Monghyr Circle which he held from 21st April. 1928 to 4th June, 1928 when Babu Rai Brij Bihari Saran joined and relieved him. On Maulavi Anwar Karim's return from leave, Babu Rai Brij Bihari Saran was transferred to Patna Circle. Babu Durga Prasad Misra, Assistant Registrar, Sambalpur Circle, went on 6 months' leave from 7th September, 1928 and was relieved by Babu Bansi Prasad, transferred from the Patna Circle. Maulavi Abdus Samad Khan, Assistant Registrar, Cuttack Circle, also went on 8 months' leave out of India from 22nd April, 1928, and Maulavi Saiyid Wasiq Ali, Deputy Collector, was appointed in his place. A table showing the names of the circles, the districts comprised therein and the officers in charge is given below :—

Serial no.	Name of circle.	Districts comprised in the circle.	Name of Assistant Registrar.
1	2	3	4
1	Patna ...	1. Patna ... 2. Shahabad ...	Babu Bansi Prasad up to 28th August, 1928. Babu Rai Brij Bihari Saran from the 29th August, 1928.

Serial no.	Name of circle.	Districts comprised in the circle.	Name of Assistant Registrar.
1	2	3	4
2	Gaya ...	1. Gaya ... 2. Palamau ...	Maulavi Saiyid Muhammad Fazli Haq.
3	Bhagalpur	1. Bhagalpur ... 2. Purnea ...	Babu Mathura Prasad.
4	Muzaffarpur	1. Muzaffarpur ... 2. Darbhanga ...	Babu Jamuna Prasad Singh.
5	Chapra ...	1. Saran ... 2. Champaran ...	Babu Jugal Kishore Singh.
6	Monghyr ...	1. Monghyr 2. Santal Parganas	1. Maulavi Anwar Karim up to 20th April, 1928 and again from the 21st August, 1928 to 31st December, 1928. 2. Babu Mathura Prasad from the 21st April, 1928 to 4th June, 1928; and 3. Babu Rai Brij Bihari Saran from the 5th June, 1928 to 20th August, 1928.
7	Ranchi ...	1. Ranchi ... 2. Hazaribagh ... 3. Manbhum ...	Rai Sahib Phanindra Nath Gupta.

Serial no.	Name of circle.	Districts comprised in the circle.	Name of Assistant Registrar.
1	2	3	4
8	Sambalpur	1. Sambalpur ... 2. Singhbhum ... 3. Balasore ... 4. Angul ... 5. Banki-Dompara portion of Cuttack.	1. Babu Durga Prasad Misra up to 6th September, 1928. 2. Babu Bansi Prasad from the 7th September, 1928 to 31st December, 1928.
9	Cuttack ...	1. Cuttack (*minus* Banki-Dompara). 2. Puri ...	1. Maulavi Abdus Samad Khan up to 21st April, 1928. 2. Maulavi Wasiq Ali from the 22nd April, 1928 to 31st December, 1928.

Besides Babu Rai Brij Bihari Saran and Maulavi Wasiq Ali, three more officers were recruited to the department as Additional Assistant Registrars to afford relief to the Assistant Registrars of Patna, Muzaffarpur and Cuttack circles which have grown too heavy. Maulavi Qamrul Huda, Deputy Collector, was posted as Additional Assistant Registrar of Muzaffarpur Circle and he joined his appointment on 3rd March, 1928. This post has been sanctioned for a year and a half. Babu Satish Chandra Roy, Deputy Collector, was appointed Additional Assistant Registrar for Cuttack Circle for a period of one year. He joined his post on 29th August, 1928. Babu Jadubans Sahay, Sub-Deputy Collector, who was appointed Additional Assistant Registrar for Patna Circle for one year, was placed on deputation as Secretary of the Arrah Central Co-operative Bank with effect from the 6th November 1928. These temporary additional appointments have no doubt afforded some relief to the Assistant Registrars of the circles concerned but I cannot help reiterating the need for increasing the number of circles and thus permanently strengthening the superior staff of the department.

2. *Honorary Organizers.*—There were 28 honorary organizers as in the preceding year with the only variation that while the appointment of one for Madhipura subdivision was not renewed, a new appointment was sanctioned for the Bihar subdivision. Their services continued to be useful to the movement. The total cost to Government on account of their travelling allowance was Rs. 5,414.

3. *Special Officers.*—Two special officers and one special inspecting clerk continued to be employed during the year on organization of societies in backward areas. Consequent on the promotion of Maulavi Ataur Rahman, the special officer working in the Araria subdivision of the Purnea district, to sub-deputy collectorship, Babu Hazari Lal Mandal, manager of Purnea Central Bank, was appointed special officer in his place and deputed to the Kishenganj subdivision of the same district. He worked throughout the year and organized one central bank and three primary societies. He visited a large number of villages and did a good deal of propaganda and spade work. Inspite of the best endeavours of Mr. K. P. Sinha, I.C.S., the Subdivisional Officer, as also of the Assistant Registrar, Bhagalpur Circle, the progress in organization was very slow owing to the illiteracy of the villagers and the extreme apathy of the local intelligentia. It is encouraging, however, to find that the sympathy of some of the latter has since been enlisted and they have begun to take interest in the work. It is expected that during the current year substantial progress would be made. The special officer attached to the Ranchi Circle was employed in developing the Dhanbad area. The special inspecting clerk posted at Rajmahal continued to work throughout the year among the Paharias of that area, supervising and training the societies already organized in previous years. Five new societies were organized in that area during the year under report bringing their total number to 35.

4. *Tours and Inspections.*—I was out on tour for 170 days and the Deputy Registrar for 190. For want of a Personal Assistant I could not find it possible to devote more time to outdoor work. I do not think it is any longer possible for the Registrar to carry on his onerous and ever-growing duties without a Personal Assistant and I hope Government will sanction the proposal to recreate this post which is pending consideration.

The details of touring done by the Assistant Registrars and the Chief Auditor are given in appendix 1. The total number of days put in by all the Assistant Registrars taken together has increased by about 40 over the figure for the previous year and would have been still higher but for the fact that the leave

and transfers of some of the officers caused some dislocation in the programme. The standard of 200 days in the year which I have laid down for the Assistant Registrars was exceeded by only Babu Jamuna Prasad Singh, Assistant Registrar, Muzaffarpur Circle, who put in 205 days and by Babu Rai Brij Bihari Saran who was out for 105 days in the six months that he worked during the year. Babu Mathura Prasad and Maulavi Fazli Haq have been short by only 5 and 10 days, respectively, while the touring of Babu Durga Prasad Misra and Rai Sahib Phanindra Nath Gupta was inadequate. I would once more impress on the Assistant Registrars the great need of adequate touring which, as I said year before last, should not be less than 200 days.

5. *General Progress.*—The statement overleaf shows the general progress made during the year.

The number of societies of all descriptions increased by 601 as against 323 in the previous year. Societies now number 9,188; members 2 lakhs 67 thousands and working capital 5 crores 65 lakhs. Expansion continued to be restricted except in new areas. Forty new societies were organized in Deoghar, 39 in Fatwa, 33 in Dumka, 36 in Dinapur, 28 in Bhabhua, 30 in Jamtara, 24 in Araria, 19 in Haveli-Kharagpur. In the older banks the increase in the number of societies was very small because the work of consolidation is still the order of the day. The check on numerical expansion has proved effective and enabled the honorary workers of the banks as well as the departmental officers to improve the general condition of the societies and put their finances on a sounder and more stable basis. The progress in this direction has however not been as rapid as one would wish it to be, but one should not lose heart remembering that the process of reform is bound to be slow and gradual. A 'D' class society cannot even by magic be transformed into an 'A' class society in only one or two or three years. One of the principal criteria of improvement is the audit classification of the societies and judged by this standard there has been a slight increase in the number of model and good societies and a corresponding decrease in that of bad ones as will appear from paragraph 14 below. This is encouraging as far as it goes but it is disappointing to find that the percentage of collection over demand has again shown a tendency to decline, the causes for which are discussed in paragraph 13 of the report. The improvement of a vast number of societies, many of which were hastily organized and recklessly financed, is a task which is bound to take time.

General Progress for 1928.

Class of societies.	Number actually working at the end of the year		Membership at the end of the year		Working capital at the end of the year		Reserve fund at the end of the year		Profit or loss for the year		Deposits held at the end of the year	
	1927.	1928.	1927.	1928.	1927.	1928.	1927.	1928.	1927.	1928.	1927.	1928.
1	2	3	4	5	6	7	8	9	10	11	12	13
					Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1. Bihar and Orissa Provincial Co-operative Bank, Limited.	1	1	100	104	57,59,535	66,45,739	2,82,148	3,23,571	+54,443	+73,715	50,25,585	53,57,926
2. Central Banks ...	65	67	11,041	11,728	2,07,55,778	2,27,35,055	5,63,766	6,64,389	+4,35,521	+4,56,438	1,52,69,973	1,52,40,466
3. Agricultural Societies ...	7,934	8,532	220,889	232,413	2,05,55,768	2,37,54,167	22,73,848	26,96,458	+3,92,360	+4,39,191	6,65,630	7,59,088
4. Non-Agricultural Societies	366	373	22,737	22,924	32,04,376	33,76,536	2,58,397	3,00,411	+71,742	+1,05,215	11,01,454	12,22,444
5. Guarantee Unions ...	220	214	...	...	...	...	...	...	...	...	...	...
6. Bihar and Orissa Co-operative Federation, Limited.	1	1	...	...	...	...	...	...	...	...	...	...
Total ...	8,587	9,188	254,767	267,169	5,02,25,457	5,65,11,497	33,78,159	39,84,829	+9,54,066	+10,74,559	2,20,65,642	2,25,72,924
Increase over preceding year	323	601	15,607	12,402	36,38,176	62,86,040	4,69,164	6,06,670	1,15,500	1,20,493	21,19,018	5,14,282

Provincial Bank.

6. The apex bank continued to record satisfactory progress. Its working capital increased from 57 lakhs to 66 lakhs and paid-up share capital from 4½ lakhs to 5 lakhs. The total amount of deposits of all kinds held by the bank was over 53½ lakhs as against 50¼ lakhs in the previous year. To the increase of 3¼ lakhs in deposits, nearly ¾ lakh was contributed by the central banks and the balance amounting to about 2½ lakhs by individuals.

In the matter of profit, which amounted to Rs 1,02,000, the bank made a record progress. The increase was about 30 per cent. over the profits of the previous two years and more than double of the year 1924. The Reserve Fund of the bank increased by Rs. 26,000 and stood at Rs. 2,34,000 at the end of the year. The demand upon the apex bank increased by about 15 lakhs during the year. This was chiefly due to an increase in loans to central banks. The overdues in loans decreased by Rs. 30,000, i.e., from Rs. 1,54,000 last year to Rs. 1,24,000 at the end of the year under report. The latter figure includes Rs. 49,000 due from the stores under liquidation. The balance of Rs. 75,000 is overdue from central banks. The chief defaulters are the Chota Nagpur Christian and the Kujang central banks. The estimated bad debts at present amount to Rs. 55,000 as a provision against which the bank maintains a contingency fund which amounted to Rs. 54,000.

The investments of the bank in Government and Trust securities as also the deposits of the bank with other provincial banks decreased by Rs. 4,37,000 and Rs. 70,000, respectively. The bank had to draw upon these resources owing to the heavy demand for loans from central banks. Government securities held by the bank depreciated during the year and although a margin of profit is still left, the Directors have with foresight created a depreciation fund and allocated Rs. 10,000 out of the profits of the year to this fund to provide against further depreciation. The bank continued to enjoy cash credit and overdraft from the Imperial Bank of India to the extent of Rs. 9,85,000, out of which it utilized during the year only Rs. 4,69,000, leaving an undrawn balance of Rs. 5,16,000.

The rules relating to cash credit for central banks were revised during the year and a maximum limit of Rs. 15,000 to be granted to any single central bank was fixed.

The system of a separate credit limit called the 'maximum credit' withdrawable at seven days' notice allowed to the central banks, mention of which was made in my last report, worked

satisfactorily. The object of this system was to reduce the demand of the bank under cash credit. This object has to a certain extent been achieved inasmuch as, inspite of an increase in the number of central banks and societies, the total of the cash credit limits decreased from 10 lakhs to 8½ lakhs while the total of maximum credits allowed remained the same as in the previous year.

The construction of the new building of the bank was completed after the close of the year and it had the honour of being opened by His Excellency Sir Hugh Lansdown Stephenson. The chairman of the bank, Sir Syed Ali Imam, K.C.S.I., Bar.-at-law and the Managing Director Rai Sahib Mihir Nath Roy continued to take unabated interest in the affairs of the bank.

Great credit is due to the Secretary Mr. V. M. Thakore for his able management of the bank. The annual report of the directors and the balance sheet will be found in appendix II.

CENTRAL BANKS.

7. *New Banks.*—Three new banks were registered during the year, viz., Kishenganj in Purnea district and Dumka and Pakaur in the Santal Parganas. The Kishenganj bank started working towards the close of the year while Pakaur Central Co-operative Union though registered during the year has not yet started work. Dumka is however in full swing. A central society called the Central Co-operative Institute was also organized in Dhanbad but it was not registered till the close of the year. The chief object of the society is to carry on village welfare work and to start and finance whole village societies. There is a proposal to open a central bank for Paharia societies at Sahebganj. The Paharia societies are at present being financed direct by the Provincial Bank and supervised by an advisory committee consisting of the Subdivisional Officer as chairman and nine members of the local gentry. In Godda area there are 31 societies which are supervised by one inspecting clerk paid by the Federation. It is expected that a central bank will ere long come into existence to take charge of these societies.

8. *Transactions.*—Statement A appended to this report shows the statistics relating to the operations of central banks. The number of central banks actually working at the end of the year increased by two, bringing the total to 67. From the statement A it will appear that the progress in paid-up share capital, working capital, profits and reserve (including other funds) referred to in the last report has been kept up during the year. The increase in reserve and other funds over the two preceding years 1926 and 1927 was particularly satisfactory, being 41·3 and 27·7 per cent., respectively.

9. *Working Capital.*—The total working capital of the central banks increased from Rs. 2,07,05,778 to Rs. 2,27,35,055, that is, by Rs 20,29,277. There was a further improvement in the proportion of owned capital to borrowed capital during the year under report. The proportion rose to 1 : 5·5 from 1 : 5·9. The proportion in 56 banks came within the prescribed standard of 1 : 8, while the proportion in five banks, viz., Fatwa, Bhabhua, Hajipore, Khunti and Purulia central banks, was within the passable standard of 1 : 10. The proportion in five banks, viz., Aurangabad, Daltongunj, Araria, Monghyr Sadr and Chaibassa, continues to be unsatisfactory. It is gratifying that Arrah and Angul, whose proportion was reported unsatisfactory in the last report, have fully made good the deficiency while Bhabhua Central Bank improved its proportion to 1 : 8·4.

10. *Deposits.*—The total borrowed capital at the end of the year was 192½ lakhs out of which about 152½ lakhs came from deposits. There was on the whole an increase of only about a quarter of a lakh in deposits as compared with the preceding year which shows that the policy laid down by the department to guard against the unnecessary acceptance of deposits by central banks has had its effect. Deposits by zamindars decreased from 27½ lakhs to 24¼ lakhs, by men in service from 44 lakhs to 42½ lakhs, while deposits by agriculturists increased from eight lakhs to 11 lakhs (a healthy sign), by professional men from 28 lakhs to 29½ lakhs and by females from 19 lakhs to 22 lakhs. Deposits by money-lenders and traders remained stationary at three and four lakhs, respectively. Savings Bank deposits held by the banks rose to 14½ lakhs against 13 lakhs in 1927. In the matter of deposits the central banks worked in a more business-like way than before but still the surpluses of previous years could not be wholly wiped off both because there was no scope for investment owing to the restriction on expansion and because a large number of deposits had not matured for being refunded, but it is expected that the surpluses will be materially reduced in the current year. It is gratifying that inspite of the apprehensions of several banks that reduction in the rates of interest by as much as 2 per cent. might have a disastrous effect on the resources of the banks, the action of the department in pressing for reduction since the last two years has been amply justified by the results. No central bank should now have any qualms in reducing the rate to 6 per cent. and I would strongly urge such of the banks (they are very few) as are still paying higher than 6 per cent. to lower their rates.

11. *Profits.*—The total amount of profit earned by the central banks was Rs. 4,56,438 on a working capital of

Rs. 2,27,35,055 as against Rs. 4,35,521 on a working capital of Rs. 2,07,05,778 in 1927. The increase in profit was Rs. 21,000 on an increase in working capital of about 20¼ lakhs. The rate of increase did not keep pace with that of the previous year because in the previous year some banks had employed a defective method of calculating the interest earned which inflated the profit of the year. Another reason for the low profit shown is the provision for bad debt in the case of the Bhagalpur Weavers' Co-operative Stores to the extent of Rs. 58,300 which is more fully described later. In point of profit the Nawada Central Bank headed the list with Rs. 26,290. The other banks that made substantial profits are Bhadrak, Rs. 25,787; Balasore, Rs. 25,438; Siwan, Rs. 23,973; Rohika, Rs. 18,982, and Cuttack, Rs. 18,869. Four central banks, viz., Bihar, Aurangabad, Bettiah National and Bhagalpur Weavers' Stores, ran into loss. Bihar Central Bank is a very old bank having been registered in 1911 and it is astounding that even in the 17th year of its existence it has suffered a loss of Rs. 368 on a working capital of Rs. 4,38,600. This is said to be due to loss in interest incurred by non-realization from three hopeless societies which have ceased to pay. In the Bhagalpur Weavers' Stores which have been in a process of informal liquidation as already mentioned in the previous reports, the loss is shown to be Rs. 77,390 as against Rs. 16,955 of the last year. The huge increase in loss is technical rather than real being due to a provision of Rs. 58,300 for bad debt having been shown as liabilities by the auditor. If this sum is deducted its net loss for the year would be only Rs. 19,090. The loss in the Aurangabad Central Bank, which was only Rs. 684 in the previous year, increased to Rs. 4,357 during the year under report.

12. *Reserve and other funds.*—The reserve fund of the banks increased by one lakh, bringing the total to Rs. 6,64,389, out of which Rs. 3,84,911 is separately invested. The total of the other funds of the banks, such as sinking, education, building and bad debt, amounted to Rs. 5,46,000 as against Rs. 3,83,000 of the previous year, which gives a satisfactory increase of Rs. 1,63,000. The total of reserve and other funds combined comes to Rs. 12,10,000, giving an increase of Rs. 2,63,000 over the figure of the previous year. The bad debt fund increased by only Rs. 20,000 and stood at Rs. 1,33,000. Attention of the central banks was drawn in the previous report to the need for making more substantial allocations to their bad debt fund, but it is regrettable that very few banks realized its importance. It is one of the commonest things in ordinary banking to

make adequate provision for bad and doubtful debts and the point cannot be too strongly emphasized for the guidance of co-operative banks.

The number of central banks having a reserve fund of over Rs. 20,000 was 9 which is the same as in the previous year.

13. *Collections.*—The collection of loans due from societies is less than that of the previous year, the total percentage being 64·9 as against 68·2. This is due to the fact that the harvests last year were generally unfavourable. Repayments in our societies which are overwhelmingly agricultural depend on harvests. In 1927 there was an improvement in collection by about 10 per cent. over 1926, but it is unfortunate that inspite of endeavours to maintain and improve this percentage there has been a set back due to unfavourable conditions. Collection was very unsatisfactory in 14 banks, viz., Barh, Dinapur, Buxar, Gaya, Bettiah National, Monghyr Sadr, Sheikhpura, Rajmahal, Bhagalpur Weavers', Banka, Ranchi, Gumla, Purulia and Jajpur. Excluding these banks the percentage of the rest comes to 73·1. Then again, if the loans outstanding against societies under liquidation, which amount to Rs. 6,34,076, be taken out of account the percentage comes to about 82 per cent. Of the 14 banks mentioned above collection was worst in Bhagalpur Weavers' Co-operative Stores and Monghyr Sadr Central Co-operative Union, being 5 and 8, respectively. Bhagalpur Weavers' Stores are being slowly wound up and the Monghyr Central Union is being reorganized. Of the other twelve banks, the collection ranges between 19 and 39·9 per cent. Taken by circle, Muzaffarpur Circle ranks first with a percentage of 87·7, next come Sambalpur and Monghyr with percentages of 81 and 61·6, respectively. Gaya Circle occupies the fourth place with a percentage of 60·3. Cuttack and Patna Circles follow with percentages of 59 and 57·6. Then come Chapra and Bhagalpur Circles with percentages of 56 and 48·7. Ranchi Circle stands last with a percentage of 43·5.

The figures indicate that on the whole collection was not unsatisfactory considering that in a large number of the banks members had to suffer either from drought or from inundation. Laxity or neglect on the part of the paid staff of the banks wherever noticed was suitably punished. It is however my firm belief that appreciable improvement in collection, as in other directions, will only be possible when the Assistant Registrars have a smaller jurisdiction so that they may exercise closer and more regular supervision over the societies and the work of the bank staff than it is possible for them to do at present. Central

banks are generally not vigilant enough over the repayment of their principal debts. Our overdue figures however do not compare unfavourably with those of some of the other provinces whose figures are available. In Madras the overdue ranged between 41 and 46 per cent. during the last five years and in Bombay it was 33 per cent. in 1927-28.

A statement showing the number of societies under liquidation at the end of the year and the amounts involved is given in appendix III. Experience shows that liquidation cases entrusted to honorary workers are generally protracted too long. The experiment of having a paid whole-time liquidator was therefore introduced in the Gaya Circle and a liquidator recruited from the rank of senior bank managers was appointed. The experiment has proved a great success and a large number of old and complicated cases have been finally closed within a short period of six months. When the liquidator took over charge about the middle of the year there were as many as 54 cases pending. Final reports in respect of 24 cases were submitted before the close of the year leaving only 30 cases pending. I propose extending this experiment to other circles. But this will require an advance from Government to enable me to meet the pay of the liquidators and their establishment. Liquidation cost is realized at 7 per cent. and this is sufficient to cover expenses but paid liquidators will have to be paid their salaries monthly whether they have been able to make sufficient realiazations or not. In the case of Gaya district the necessary advance is being given by the Federation but its resources would not permit of further encroachments.

14. *Classification.*—7,765 societies came under audit classification as against 6,974 in 1927. It is regrettable to find from the Deputy Registrar's report that as many as 228 societies of Ranchi Circle could not be audited during the year. The Deputy Registrar is enquiring into the reasons for the same. Comparative figures showing the percentage of each class of societies are given below :—

Class.	Last year.	This year.
A (Model)	5·0 per cent.	5·2 per cent.
B (Good)	14·6 ,,	15·7 ,,
C (Average)	69·0 ,,	68·4 ,,
D (Bad)	9·5 ,,	8·4 ,,
E (Hopeless)	1·9 ,,	2·3 ,,

The above figures show that there was an increase in the percentage of 'model' and 'good' societies and that the percentage of 'bad' societies has gone down. The percentage of 'average' societies suffered a slight decrease while that of 'hopeless' societies increased a bit. The condition of the societies as reflected in these classifications is not all that could be desired and there is still much room for improvement. The following banks out of 67 have a large number of bad and hopeless societies and handicap the attainment of a better classification for the province :—Arrah (39); Gaya (39); Chota Nagpur Christian (41); Purulia (45); Cuttack (34); Jajpur (26); Khurda (37); Nimapara (17); Balasore (38); Sambalpur (35) and Bettiah Central Bank (27). The percentage of good societies (A and B) comes to 20·9 and that of average (C) to 68·4. In the Punjab which is undoubtedly the most advanced in co-operation the percentage of good societies (A and B) was 21 and of average (C) 74 in 1927-28.

WORKING OF CENTRAL BANKS.

15. *Patna Circle.*—The number of central banks in this circle continued to be nine. Of all these, Bihar Central Bank only suffered a loss of Rs. 368 on the year's working but it is satisfactory that it was able to reduce its bad debts to Rs. 12,000 from Rs. 50,000 as anticipated in the previous year. Barh Central Bank continues to be a source of anxiety. It was not able to reduce its bad and doubtful debts. Dues from two of its societies which are under liquidation, viz., Trading society and Barh Dome society, amount to Rs. 50,000 which is reported to be impossible of realization. The bad debts in Arrah Central Bank amount to Rs. 92,000. In order to pull up this bank from the mire in which it has fallen, Government have lent the services of an Additional Assistant Registrar to work as Secretary of the bank. This officer joined in November 1928, and is doing his best to put things straight. In the Buxar Central Bank, an embezzlement of Rs. 4,064 by the bank clerk was detected in the beginning of the year. The bank clerk has absconded and a criminal case is pending against him. The embezzlement was facilitated by the extreme negligence on the part of the honorary secretary who used to sign the deposit pass books of depositors without checking the entries with the cash book. Remedial measures to put a stop to the recurrence of similar frauds in future have been adopted. Sasaram, Fatwa, Bhabhua and Masaurhi banks worked well.

16. *Gaya Circle.*—The number of central banks in this circle was five as before. The Gaya Central Bank continued to be

a source of anxiety. Collection from the societies was so low as 27·3 per cent. The Directors have failed to realise the gravity of the situation inspite of repeated warnings and I am afraid, as in the case of Arrah Bank, it may be found necessary to depute a Government Officer to handle the affairs of the bank. Nawada Central Bank continued to work satisfactorily and in point of profit ranks first in the province. Its activities were many-sided and extended to various agricultural, educational and sanitary measures. This bank has to its credit the largest number of special types of societies in the circle. There are three grain golas, one educational society, one society for agricultural improvements and one rent-paying society. The Kamalpur Barawan grain gola made great progress and now possesses a fine building of its own named the "Durga Sahjog Ashram" to the cost of which Government contributed Rs. 2,500. Jehanabad Central Bank made steady progress in all directions. Aurangabad Central Bank ran into a loss of Rs. 4,357. The Daltonganj Central Bank though five years old, is not yet showing signs of adequate development.

17. *Monghyr Circle.*—Besides the nine central banks mentioned in the last report there was one more, viz., Dumka in the Santal Parganas, started during the year. Another new bank registered during the year was Pakaur Central Co-operative Union in the Santal Parganas but this did not start work. The working of the Monghyr Central Union was far from satisfactory. It was reorganized during the year and with the appointment of a new manager it is expected that its affairs will improve. Collection in Jamui, Sheikhpura, Kharagpur and Rajmahal was very low but there has been a good deal of improvement in the classification of societies in all these areas.

18. *Bhagalpur Circle.*—Kishenganj Central Bank was started towards the close of the year, bringing the number of central banks in this circle to 9. With the exception of Bhagalpur Weavers' Co-operative Stores as well as Supaul Central Bank and Banka Central Union, which are suffering from past mistakes in organization and careless financing of their societies, all the other central banks continued to work satisfactorily. It is gratifying that Bhaptiahi Central Union has shown signs of improvement during the year. There was a decrease in the amount of working capital due to attention having been concentrated on the recovery of overdues from wilful defaulters rather than on the extensive issue of fresh loans with the result that the collection improved to 57 per cent. as against 38·37 per

cent. of the previous year. The Bhagalpur Central Bank maintained its position as the best bank of the circle. Its most noticeable activities during the year were the organization of a bell metal society and an electric stores society. Another noteworthy feature was the purchase of an oil engine irrigation pump for demonstration to societies situated in areas subject to drought. Supaul is a typical bank where the effects of careless organization, reckless financing and unmethodical working are making themselves increasingly manifest from day to day. These are reflected in the low percentage of collection and in the deterioration in audit classification of societies. It was reported in the previous year that unscrupulousness on the part of secretaries of guarantee unions was partly responsible for the deterioration in Supaul. During the year under report all these guarantee unions were closed and it is not intended to re-organize them until reliable men with sufficient intelligence and public spirit are available to be entrusted with the duties of office bearers. The new bank at Araria made satisfactory progress in every direction inspite of the fact that it had to work without a manager as it could not afford to appoint one.

19. *Muzaffarpur Circle.*—In this circle there were seven central banks as before. Rohika Central Union maintained its reputation as one of the best managed banks in the province. It is seriously trying to tackle the problem of illiteracy of the members of societies and regularly spends a portion of its profits over the training of the panches and secretaries of guarantee unions. It has adopted a carefully drawn up programme and placed two of its guarantee union secretaries in direct charge of 20 societies each. The experiment, if successful, will afford a lesson as to how the members can be taught to manage their own affairs and how the cost of management of the central bank can be reduced. The Sitamarhi Central Bank made slow progress and its condition is still far from satisfactory. The percentage of collection over demand reported by the bank is 88 but this figure is not indicative of the true state of affairs inasmuch as the high percentage was obtained by revision of kists. In Samastipur area there is ample scope for expansion but the bank has not been able to make much headway owing to dissensions among the directors. Muzaffarpur Central Bank worked well on its banking side and has earned a reputation for ideal book keeping and sound investments but there is little to record to its credit with regard to real co-operative development of its societies. Hajipur, Daulatpur and Laheriasarai (Darbhanga) banks continued to make good and steady progress.

20. *Chapra Circle.*—As reported last year this circle consists of six banks. The working of Chapra Cenral Union was marred by low collection, defalcations of money by the office bearers of a few societies, and an increase in the number of award and liquidation proceedings. The other central banks in Saran district are working satisfactorily. Siwan and Gopalganj banks have maintained their reputation as very ably-managed banks. On the other hand, the central banks in Champaran district with the exception of Motihari present an opposite picture. They are probably the worst in the province. The Bettiah National Bank has presented the worst record. The percentage of collection from the societies was 23 and the bank has run into loss. The Bettiah Central (Christian) Bank has practically ceased working. The non-Christian societies are being amalgamated with the Bettiah National Central Bank, the Bettiah Mission is meeting the liabilities of the Christian societies which were the worst while a few of the societies are being liquidated. The bank is thus being wound up without any loss although it was apprehended that it would land its creditors in huge losses. This result has been achieved after over two years of patient and sustained work on the part of the department. The Motihari bank worked fairly well.

21. *Ranchi Circle.*—This circle comprised seven central banks as in the previous year. One central bank was organized in Dhanbad but it was not registered during the year. The Purulia Central Bank continued to be the worst in the circle both in collection and in classification. The percentage of collection went down to 19 this year as against 20 of the previous year, while there was a decrease in the number of 'good' and 'average' societies from 4 to 2 and 87 to 55, respectively, and an increase in the number of 'bad' and 'hopeless' societies from 15 to 29 and 7 to 16, respectively. The management of the Chota Nagpur Christian Bank, although it earned a profit of Rs. 3,412, continued to be very unsatisfactory. The percentage of collection went down to 53·11 and the number of 'bad' and 'hopeless' societies increased from 26 to 34 and 2 to 7, respectively. The Khunti Central Co-operative Union bids fair to be one of the most successful banks in the circle. Hazaribagh, Ranchi and Giridih banks worked fairly well.

22. *Cuttack Circle.*—There were eight banks in this circle as named in the last report. Banki-Dompara Central Union maintained its reputation as a well-managed bank. The percentage of collection from the societies was 90 in this union. It is disquieting that in each of the eight banks of this circle there was an

increase in the number of D and E class societies. Out of 828 societies classed 'bad' and 'hopeless' in the whole province, there were as many as 180 societies in Cuttack circle alone. This is serious and demands the earnest and prompt attention of the Deputy Registrar.

23. *Sambalpur Circle.*—The number of central banks continued to be six. Angul Central Union continued to retain its front rank due to the keen interest taken by its honorary secretary Rai Sahib Sashi Bhusan Satpathi, the Subdivisional Officer. I am glad to record that Government have been pleased to bestow on him the title of Rai Sahib in recognition of his good work. There are 86 societies in this Union and it is a matter of immense satisfaction that not a single one is bad or hopeless. The percentage of collection also was the highest in this union being 97·4· The remarkable change which has come over this Union since it came to have a painstaking Secretary is proof of the fact that where good supervision is forthcoming a central bank cannot go wrong. The condition of Sambalpur Central Bank is not reported satisfactory as yet. It was reorganised towards the close of the year with the Sadr Subdivisional Officer as its chairman. Collection from societies of Bargarh Central Bank was the lowest in the circle being 57 per cent. The Chaibassa Central Bank which is reported to be still in its infant stage earned a profit of Rs. 764 on a working capital of Rs. 96,663. Balasore and Bhadrak Central Banks are still stagnating in spite of attempts made to revive them for which the directors are to blame.

24. *General remarks about central banks.*—Although the achievements of the movement during the year have not been spectacular, the progress recorded by the majority of the banks is satisfactory and encouraging. Instances of mismanagement, laxity in working, want of method and clear cut programme are by no means rare but it is too early to expect the work of reform to which we have set our hands since the last two years to bear full fruit. Apart from development on the banking side there has been considerable progress on the educative side of the movement during the year as will be clear from the succeeding paragraphs. The most satisfactory feature in the working of the banks was the reduction in the rates of interest on deposits and the stoppage of the acceptance of unnecessary deposits. This shows a marked appreciation by the directors of the banks of the need of placing the interests of the bank above the interests of the depositors. There are however several banks still suffering from surpluses of

previous years which they do not know how to employ. I would point out to all the banks that it is very important that at the beginning of each year they should frame a forecast of their financial requirements and refund deposits or draw in more deposits according to necessity. There should be no hesitation in refunding deposits. Similarly, clear cut programme of work in connection with the agricultural, educational and sanitary improvements in the societies should be drawn up early in the year and vigorously pursued. A good deal of the defective working is due to want of such programme. It is not so much the want of men and money as central banks generally consider which is impeding their growth as the want of foresight and determination to do things. It is inaction alone which is responsible for our degeneration. The banks should also consider the question of the adequacy of the staff from time to time. An undermanned bank is dangerous but it is not unusual to find our banks erring on this side on the ground of economy. Efficiency should not be sacrificed to false notions of economy. While placing on record a keen sense of appreciation of the sacrifice of time and energy on the part of the honorary workers in the cause of the movement, it has to be admitted that there is a limit beyond which their services cannot be taxed. A large number of our honorary workers are drawn from the members of the bar and taking human nature at its best we cannot expect them to spare the time needed for regular supervision which is a *sine quo non* of the success of the movement. Until therefore suitable men with greater leisure, preferably from among the ranks of small resident zemindars and cultivators and retired Government officers, are not forthcoming to work in the movement, the banks have perforce to depend, to a very large extent, on the paid staff in every detail of the administration. It is therefore of the utmost importance that the paid staff should be adequate and efficient.

25. *Moral and material improvement.*—Apart from the savings in interest arising out of the difference between the rates of interest charged by societies and by *mahajans*, the indirect benefit accruing to the agricultural class in general is not insignificant. That the movement wherever introduced has tended to lower the market rate of interest cannot be disputed. Reports received from banks are full of instances in support. In Khunti Banking Union area the rate of interest has been brought down from 150 per cent. to 25 per cent. in the villages where there are no societies. Giridih Central Bank reports that the *mahajans* still take about three times the rate offered by the societies but they are

beginning to lower the rate to 25 per cent. In Araria subdivision a bank was started only last year and the following extract from its report will be of interest :—

"Since the advent of this movement they (the *mahajans*) are losing their monopoly in the area in which societies are being formed. In one case it has been brought to our notice that an influential *mahajan* has reduced the rate of interest even below that charged by societies to win over unwary members from their societies. From 37½ per cent., the usual rate of interest charged by *mahajans*, to come down to below 15 per cent. is a climb down which would not have been possible but for the movement."

The paid up share-capital and reserve fund of agricultural societies increased from 11¾ to 13¼ lakhs and from 22¾ lakhs to 27 lakhs respectively. The increase under these two heads was by 5¾ lakhs. All this money came from the members themselves and contributed to strengthen the resources of the primary credit societies.

The total amount of deposits to the credit of members of agricultural societies stood at Rs. 5,38,576 as against Rs. 4,53,532 last year. The increase was by Rs. 85,044. This is by no means a small sum for poor agriculturists and is an unmistakable sign of the habit of thrift which is being gradually learnt by them.

In order to inculcate the habit of thrift *muthia* system (setting apart a handful of grain every day) and home-safe boxes have been introduced in societies and although these measures have not yet been generally adopted they are gaining ground. In this connexion mention might be made of Muria and Rajo societies of Laheriasarai area which were able to collect 125 mds. and 86 mds. of grain respectively through the *muthia* system which increased the members' deposits in these two societies. The *muthia* system, if properly developed, is likely to meet with greater success than home-safe boxes as it is indigenous and easy of enforcement. The acid test of the success of co-operation is whether it is promoting thrift and in order to achieve it, it is high time for societies to introduce compulsory deposit by enforcing the *muthia* system.

The total quantity of land purchased by the members during the year was 3,279 acres against 2,277 acres in the previous year and the total area of land redeemed during the year was 3,141 acres against 2,795 acres. The total number of cattle purchased by the members was 20,000 which was the same as in the previous year.

In the moral sphere also the societies are proving to be useful instruments of moral and social reform. Co-operative

institutions are daily gaining the increased confidence of the members as well as of non-members as a convenient agency for settling disputes. During the year 362 cases were instituted in courts by and against members, out of which 190 were withdrawn. Also 480 cases in which our members were involved were settled without going to courts. In certain areas laudable attempts are reported to have been made by members to check private vices among them, e.g., gambling and drinking, etc. The following incident related about a village society in Gopalganj is interesting :—

"A member of a village society in Gopalganj over sixty years old, who was a widower, wanted to remarry in his old age and applied for a big loan from the society to meet the expenses of the marriage. All persuasion on the part of his brother members having failed, the loan was refused and he was expelled from the society."

26. *Agricultural improvements.*—The record of work done by central banks in agricultural co-operation is encouraging and the names of as many as 48 banks are reported as having actively promoted agricultural activities by means of propaganda, demonstration and dissemination of improved seeds and fertilizers. The cultivation of improved varieties of sugarcane, *dahia* paddy, groundnut, potato and Pusa wheat continued to be pushed on in the societies. Large quantities of seeds, particularly of *dahia* paddy, groundnut and sugarcane were purchased and supplied to society members. The Agricultural Department also made free distribution of seeds in a number of societies in several areas for demonstration purposes. Demonstrations of improved agricultural machinery were carried on by some of the banks. The Masaurhi central co-operative union purchased a number of agricultural implements and started a peripatetic exhibition which produced good impression in the societies. In Gopalganj 15 three-lined cultivator ploughs were purchased by 15 societies while 19 such ploughs and one Bihar plough were purchased by certain societies in Siwan area. Three-lined cultivators and a few Bihar ploughs were also purchased by the members of a number of societies in Chapra Sadr area. Purulia central bank distributed improved pattern of ploughs among society members and in Supaul area successful demonstrations of Butler's plough were carried on in many places. Gypsum, sulphate of ammonia, Chilean Nitrate and other fertilizers were indented by central banks in bulk and supplied to societies. In some societies free supply was made to members by way of encouragement. Banki and Khurda central banks

secured agencies for the sale of sulphate of ammonia. The former bank was able to sell 1,200 mds. and the latter about 400 mds. during the year.

To supervise their agricultural activities several central banks employed agricultural Kamdars while Banki and Cuttack central banks are maintaining a whole-time Agricultural Inspector and a Kamdar. A permanent Kamdar has been attached to the Khagaria central union for demonstration purposes. The need for this class of men has been increasing and it is gratifying that some of the central banks are making arrangements for removing this want. Gopalganj, Siwan and Motihari banks have arranged to get Kamdars trained by meeting the cost of their training. Four men from societies in Gopalganj and 2 men from those in Motihari were sent to Sepaya Government Farm for training as Kamdar while 4 recruits from the society villages in Siwan area are receiving training at Siwan farm.

The problem of fodder supply for cattle has engaged the attention of some central banks. Four central banks are reported to have tried the experiment of growing elephant grass to supply fodder for cattle. In the societies of Gopalganj, Siwan and Chapra areas the experiment is reported to have given satisfactory results while in societies in Hajipur area the experiment started with 50 mds. of elephant grass cuttings supplied by the Department of Agriculture proved unsuccessful owing to the scarcity of rainfall during the latter part of the monsoon.

Five banks, viz., Bihar, Gaya, Aurangabad, Khunti and Jehanabad entertained agricultural inspecting clerks for which purpose they received subsidies from Government. These banks did useful work in the matter of distribution and popularization of seeds and manures. During the year Government sanctioned subsidies for entertainment of agricultural inspecting clerks by 7 other banks, viz., Ranchi, Laheriasarai, Hazaribagh, Kujang, Muzaffarpur, Gopalganj and Bargarh but only the last 3 banks were allowed the subsidy on the recommendation of the Director of Agriculture.

27. *Land improvement.*—A sum of Rs. 88,000 was advanced during the year to the members of societies for land improvement of which Rs. 31,000 was for reclamation of waste lands, Rs. 18,000 for sinking wells, Rs. 25,000 for *gilandazi* (earthwork) and Rs. 14,000 for constructing *bandhs*. It is gratifying to note that Gopalganj and Siwan banks are systematically pushing on well-irrigation in the society villages. The Gopalganj bank allots Rs. 1,000 out of its profits for free contribution

to well-making. The Siwan bank is acting in a still more methodical way and has introduced a scheme which is worthy of imitation by other banks. It has divided the societies into groups of 5 societies and grants Rs. 50 every year to each group for well-making. Thus in five years time, if the societies are keen and prepared to shoulder the remainder of the cost, each society can have a well. So far 14 societies have got wells made. The Nawada Bank has got 10 wells sunk in society villages to provide irrigation facilities to the members. Eight *bandhs* were constructed during the year, six in Cuttack circle, one in Sambalpur and one in Nawada in Gaya circle. In Nawada area a *pyne* was repaired by 5 societies at their joint cost. In Buxanda society of the same area an *ahar* and a *pyne* were constructed which successfully irrigate several thousands of bighas. A *pyne* was also constructed in another society. In Angul union a canal was excavated by a society for which it borrowed Rs. 177 from the Union and in another society a member re-excavated a tank by borrowing Rs. 200 from the society. The members of Hatbarol society under the Purnea Central Bank raised an embankment for storage of rain-water. This is irrigating the neighbouring tracts which were lying fallow so long and the members are reported to have got bumper crops of paddy and jute. The Bhagalpur Central Bank purchased a Petter's Oil Engine Portable Pump for the Bindi area at a total cost of Rs. 2,675 which has been set up on the bank of the Gerua river. The pump can command 400 bighas of land. During the year it was utilized in irrigating about a hundred bighas of paddy lands and 25 bighas of sugarcane. It is still under experiment and if it proves successful the bank proposes to start irrigation secieties with tube-wells and engine pumps wherever needed. The Bhagalpur Bank also supplied 5 Rahat pumps to Syadapur society.

28. *Education.*—It is refreshing to find that the co-operative societies have given a great impetus to primary education among the members. During the year under report 71 new pathshalas were opened as against 73 in the previous year. Twenty-two banks shared the credit of opening new pathshalas. The largest number of pathshalas, viz., 17 was started in Chapra circle. Of the individual banks, the largest number is to the credit of Siwan and Gumla central banks (9 each). Some of the central banks, however, although they have got decent Education funds, are not making full use of the funds. Nawada bank has accumulated Rs. 3,773 ; Siwan Rs. 2,835 ; Khurda Rs. 2,374 ; Banki Dompara Rs. 2,198 ; Gopalganj Rs. 1,855 ; Laheriasarai Rs. 1,697 ; Motihari, Rs. 1,273 and Barh Rs. 1,162. The total

Education fund of central banks in the province stood at Rs. 29,776. The measure of co-operation received from the district boards in spreading education through the agency of co-operative societies, has not been encouraging. This is all the more disheartening because in every district board there are some members who are also directors of central banks. It is regrettable to find that during the year the amount of grant received from the district boards decreased from Rs. 14,000 to Rs. 9,472. Only 10 central banks, viz., Arrah, Buxar, Barh, Rohika, Daulatpur, Madhipura, Ranchi, Khunti, Purulia and Hazaribagh received grants from district boards during the year as against 11 banks in the previous year. Madhipura and Barh central banks which did not get any grant last year, received Rs. 1,091 and Rs. 400, respectively while Jehanabad, Aurangabad and Puri central banks which received grants before did not receive any during the year. Central banks' contributions to Education fund out of their profits of the year was Rs. 10,000 as against Rs. 8,000 in the previous year.

The Rohika Central Co-operative Union maintained 24 pathshalas. The lower primary school of Basuara society in that area was raised to upper primary standard and a good building was constructed for it at a cost of Rs. 700 out of which Rs. 100 was contributed by the Central Union and the rest was met by the society and its members. In Samastipur area also the lower primary school of Kalyanpur co-operative society was raised to upper primary standard. The Siwan bank contributed Rs. 200 for the building of a lower primary school at a Guarantee union centre. Balasore and Bhagalpur central banks made grants from their Education funds for constructing buildings for a lower primary and an upper primary school existing in their society villages. Two new *pathshala* buildings were constructed in Banka area. In two societies under the Rajmahal Central Union free gifts of land were made by members for the construction of school buildings. Bhaptiahi central co-operative union constructed a school building in one society at a cost of Rs. 35 and Bhagalpur central bank made a grant of Rs. 15 to the lower primary girls' school in the Maheshi co-operative society for the purchase of *charkhas*. The *pans* (a criminal tribe) of Jalmandua co-operative society of the Bhadrak area started a school of their own with a teacher of their own sect and it is pleasing to note that they also constructed a building for the school by their joint efforts. Instances of small aids of Rs. 2 or Rs. 3 a month given to the gurus of Board schools

by central banks are too numerous to mention. It is, however, far better for the banks to maintain one or two schools entirely at their own cost in society villages where there are no district board schools than to dissipate the funds in doling out a few rupees as aids.

29. *Sanitation and Medical Relief.*—Although our activities in the sphere of sanitation and medical relief are not sufficiently widespread yet, it is satisfactory to note that a good number of banks and societies are interesting themselves in this much-needed rural reform and are doing their bit to improve the sanitation and health of the villages. A number of societies in Gaya Circle employed sweepers for periodical cleaning of the village lanes. One society of Jehanabad area set apart 10 per cent. of its profits for sanitary improvements. A few societies in Purnea and Bhadrak areas got the village wells and tanks disinfected and made arrangements for supply of pure drinking water. In Purulia area several societies have reserved tanks solely for drinking purposes. If all societies adopt similar measures to protect the sources of water-supply and to keep the village lanes neat and clean, there is no doubt that a good deal of the problem of rural sanitation will have been solved. Free distribution of medicines during outbreaks of epidemic were made by Nawada, Purnea, Bhaptiahi, Khunti, Bhadrak and Arrah banks. Cholera, small-pox and malaria raged virulently throughout the Purnea district during the year. Approved preventives were distributed freely and hundreds of members were saved by prompt help and timely care. The honorary organizer visited the villages with a local doctor and an inspecting clerk and got over 500 men inoculated and a large number of wells disinfected. The banks and unions in Cuttack Circle continued to distribute medicines as in the previous year. The Banki Union contributed Rs. 200 for the up-keep of the Ayurvedic Aushadhalaya which treated 570 poor patients free of cost. In Laheriasarai area two Ayurvedic dispensaries are working under Baheri Guarantee Union and medicines are distributed free to members and non-members in times of epidemic. A charitable dispensary is also being organized in Hajipur area. In Khunti, Purulia, Hazaribagh and Giridih areas 16 wells and two tanks were dug for drinking purposes and 14 more wells are under construction. A number of village societies in Gopalganj and Laherisarai areas constructed new approach roads.

30. *Promotion of Cottage Industries.*—Eri-culture, as a secondary occupation of the members of societies, is being steadily pursued and is getting popular day by day. A brief

description of what is being done by some of the banks will, I hope, have a stimulating effect on their compeers. Balasore, Bargarh, Bhadrak, Cuttack, Banki-Dompara, Jajpur, Kendrapara and Nimapara central banks have appointed eri-rearers at their own cost to teach eri-culture to the members. Balasore Bank supplied castor seeds to a number of societies for growing castor plants for eri-rearing. In Bargarh area eri-culture was introduced in 30 village societies and in Angul area in 14 societies. In Banki area 720 members belonging to 59 societies have taken to this industry. For Kujang area accurate figures regarding the number of members engaged in the industry are not available but not less than 200 rearers and 50 spinners are engaged. In Khurda area the members of 34 societies have taken to eri-culture. Gopalganj, Siwan, Nawada and Aurangabad banks are also carrying on this work but their figures are not available. The value of cottage industries to agriculturists in this country cannot be over-emphasized and the central banks should render all possible help to their societies in developing suitable and profitable cottage industries of which eri-culture bids fair to be one.

Guarantee Unions.

31. The total number of Guarantee unions working at the end of the year was 214, the number having decreased by 6 from that of the previous year. In Gaya Circle the number increased by 2. It continued to have the largest number of these unions, viz., 57. Muzaffarpur Circle had 47, Patna 26, Bhagalpur 24, Chapra and Ranchi 18 each, Monghyr 12, Cuttack 11, while Sambalpur Circle had only one guarantee union. In Chapra Circle with the exception of two guarantee unions in Champaran district the others are reported to be working fairly satisfactorily and in Siwan and Gopalganj areas in particular they are very successful. Nearly one-sixth of the total number of societies in this circle are linked up with guarantee unions. In Bhagalpur circle, only 5 guarantee unions,—4 in Madhipura and one in Bhagalpur area,—are reported to be working well. The remaining are so bad that they are going to be closed. The majority of the guarantee unions have been unsuccessful but the fault lies rather with the members entrusted with the working of these institutions than with any defect inherent in the system. The policy now adopted is to scrap all the bad and indifferent guarantee unions and not to replace them until trained workers are available to run them on proper lines. Training is in progress and it should not take long to produce qualified and enthusiastic workers.

AGRICULTURAL SOCIETIES.

32. *General.*—A criticism levelled at co-operation in this country is that it is pure and simple money-lending and that indebtedness is on the increase rather than on the decrease since co-operative credit societies have come to the field. So far as this criticism emanates from a desire to push on the non-credit side of the movement it is legitimate and welcome, but if it is intended to belittle the usefulness of the credit societies I am constrained to say that it betrays deep ignorance. Even conceding for a moment that our societies are doing nothing beyond supplying cheaper money, is this not a good service in a country whose agriculturists are steeped in usurious debt? But to say that credit societies are mere loan institutions is a travesty of facts as, in spite of the defects and deficiencies in the working of the societies, they are teaching the villagers the value of organizing themselves into joint action as is evidenced by the various activities mentioned in this report. It is therefore not to be regretted that agricultural credit societies are increasing. During the year the number of such societies increased by 598 bringing their total to 8,532. The membership also increased from 220,889 to 232,413. There was a considerable rise in the working capital of the societies which increased by 32 lakhs and stood at Rs. 2,37,54,167 at the end of the year. The total paid up share capital of the societies increased from Rs. 11,70,545 to Rs. 13,27,884 i.e., by Rs. 1,57,339, and the reserves increased from Rs. 22,73,848 to Rs. 26,96,458, i.e., by Rs. 4,22,610. Share capital and reserves formed 16·9 per cent. of the working capital as against 17 per cent. in 1927. Keeping in view the enormous increase in the working capital, the proportion was quite satisfactory. The total amount of profit earned by the societies was Rs. 4,39,191 (as against Rs. 3,92,360 in 1927) while Rs. 64½ lakhs were given out in loans to the members of the societies (as against Rs. 58 lakhs in 1927). 44·2 per cent. of the loans was for productive purposes. Of the productive loans 12·7 per cent. was for cultivation expenses, 12·6 for trade and 8·8 for cattle. Of the non-productive loans the largest percentage was for repayment of debts being 25·5. The percentage of loans for litigation was further reduced to ·2.

33. *Primary credit societies with unlimited liability.*—The above figures relate to agricultural societies of all classes. The position in regard to agricultural credit societies with unlimited liability is briefly summarized below :—

There were 8,431 societies of this class as against 7,827 in the previous year and their membership was 204,565 as against

188,340. The average membership per society of this class is however only 24·2. This shows that the ideal of bringing the whole village within the co-operative fold, which is certainly a better method of developing the movement than the multiplication of smaller societies has not yet been adequately realized by the central banks. This method has the further advantage that it enlarges the field of activity of the banks without much increasing the cost of management. I hope central banks will pay particular attention to increasing the membership of the existing societies. The paid share-capital increased from Rs. 11,04,460 to Rs. 12,63,421 and the reserves by 4 lakhs. The profit earned was Rs. 3,97,959 on a working capital of Rs. 2,33,73,376. The profit works out at 1·7 per cent. of working capital as against 1·8 per cent. of the previous year. Deposits held from members increased by Rs. 87,000 and from non-members, by Rs. 43,000 and stood at Rs. 5,02,000 and Rs. 2,32,000 respectively. The increase in members' deposits by Rs. 87,000 is one of the most satisfactory and encouraging features of the year. But there was a fall in the repayments of loans which amounted to 60·8 per cent. as against 69·5 in the previous year. Repayments depend upon harvests but last year's harvests left much to be desired.

34. *Purchase and sale societies.*—The number of these societies remained the same as before (4). With the exception of the society at Khunti which incurred a loss of Rs. 56 the other 3 made profits amounting to Rs. 340.

35. *Agricultural sale societies.*—There were 8 such societies at the end of the year. The working of these societies resulted in a total loss of Rs. 4,666. These stand to be liquidated. The failure is generally due to want of skilled management.

36. *Dairy Society.*—There is only one society of this kind, viz., the Mayaganj Gowala society in Bhagalpur. It put in another year of successful working and earned a profit of Rs. 150 on a working capital of Rs. 5,481.

37. *Irrigation Societies.*—There were 3 such societies in Fatwa area with a membership of 140 and a working capital of Rs. 6,062. These societies have taken up earth work for embankment as well as storage of water and constructed culverts and opened new channels. The members appreciate the utility of these societies. Attempts were made to organize 3 more societies in Cuttack and Balasore districts. One of these was registered since the close of the year and started at Kendrapara in Cuttack district. The scheme is expected to irrigate 5,000 acres of land by means

of a dam across a river. At another place in the same district—Pathpur in Banki area—a scheme has been drawn up for installing an oil engine pump for irrigating lands for sugarcane and crushing the cane. There is a great opening for irrigation societies in various parts of the province but without the help of a special qualified staff it is difficult to make much headway. Proposals for the appointment of special officers to organize irrigation societies are pending before Government.

38. *Rent-paying societies.*—There are two societies of this class—one in Nawada and the other in Daltonganj in Gaya circle. Both of these societies ran into loss and are not functioning well.

39. *Grain Golas.*—There was a decrease in the number of grain golas from 87 to 83 and in the membership from 31,836 to 27,249. It is however satisfactory that in spite of reduction in the number of the golas, there was an increase in the working capital from Rs. 3,10,140 to Rs. 3,50,742 and the profit earned was more than double of the previous year's figure, being Rs. 45,566 as against Rs. 21,849. The five grain golas in the Santal Parganas continued to work successfully and make steady progress. A satisfactory feature about these golas is that they are working entirely on their own reserve funds and have no outside liability. The Rajmahal gola continued to be the largest in the province. Its membership was the same as last year (4,345), and it earned a profit of Rs. 7,520, on a working capital of Rs. 76,942 as against a profit of Rs. 5,310 on a working capital of Rs. 71,633 in 1927. The Reserve Fund also increased by Rs 5,309 and stood at Rs. 76,942. The Godda grain gola earned a profit of Rs. 14,468 on a working capital of Rs. 60,074 as against a profit of Rs 3,079 on a working capital of Rs. 60,995 in 1927. In Sambalpur Circle there were 38 golas in working order at the end of the year, viz., 34 in Angul, 3 in Sambalpur and one in Bhadrak. The total amount of profit earned by them was Rs. 17,876 on a working capital of Rs. 1,37,778. The Golas of Angul and Bhadrak are running mainly on capital derived from members' shares. The three golas in Sambalpur area are golas in name only. Since the close of the year two of them were converted into agricultural societies with unlimited liability and the third also will follow suit. There were eleven grain golas in Cuttack Circle, viz., 4 in Cuttack Sadr, 1 in Banki-Dompara, 5 in Kujang and 1 in Khurda. The gola in Khurda sustained a loss of Rs. 1,712 while there was a total loss of Rs. 13 on the working of the 5 golas in Kujang. In Bhagalpur and Muzaffarpur circles most of the golas are in a moribund

condition and stand to be closed down. Gaya Circle has 3 golas, all in Nawada area. These, particularly Samhari and Kamalpur Barawan grain golas, are working very satisfactorily. The better working of the golas demonstrates the fact that for agriculturists grain loans are more suited than cash loans which are more exposed to the dangers of being misutilized.

Non-Agricultural Societies.

40. *Credit.*—The number of non-agricultural credit societies with limited liability increased by 4, the total number being 77 at the end of the year and their membership increased from 14,185 to 14,348. The profit earned during the year was Rs. 1,05,675 on a working capital of Rs. 22,09,987 as against a profit of Rs. 94,421 on a working capital of Rs. 20,74,404 in 1927. The profit of the year works out at 4·8 per cent. of the working capital as against 4·6 per cent. of the previous year. The Reserve Fund increased from Rs. 1,48,863 to Rs. 1,62,988 and the share capital from Rs. 7,24,011 to Rs. 7,31,529. Deposits by members increased from $7\frac{3}{4}$ lakhs to 9 lakhs, while the deposits by non-members decreased by about a quarter of a lakh. The proportion of overdues to loans was 1 to 7 as against 1 to 8 in the previous year. The working of this class of societies was therefore generally satisfactory. The Patna Secretariat Co-operative Banking Association was able to enlist 16 more members on its roll, the total membership standing at 616 at the end of the year and it earned a profit of Rs. 8,891 on a working capital of Rs. 1,55,722. The Accounts Office Co-operative Society at Ranchi maintained its reputation as the best managed society in that Circle. Its working capital increased from Rs. 67,367 to Rs. 79,504 and the profit earned was Rs. 4,221 as against Rs. 4,000. The society held Rs. 21,757 in Savings Bank deposit from 195 members out of a total number of 263 members on its rolls which is very satisfactory. There was a decrease by one in the number of the societies among the employees of the Tata Iron and Steel Company, Limited, Jamshedpur, the total number being 24. With the exception of two, the others are working satisfactorily of which 3, viz., Tisco Accounts Office, Tisco Open Hearth and Tisco Coke Ovens rank as first class societies. These three had 1,339 members and earned a profit of Rs. 11,398 on a working capital of Rs. 1,65,679. The Bhagalpur Amla Co-operative Society continued to work well and earned a profit of Rs. 663 with a working capital of Rs. 17,616. A new society called the Menial Servants' Co-operative Society was started at Dumka towards the end of the year. Its membership is open to peons and other menial

servants of the Government offices and local bodies of Dumka. It had 40 members and earned a profit of Rs. 20.

41. ***Provincial Associations.***—The number of provincial associations increased by one, being 5 at the end of the year. The addition was the Bihar and Orissa Agricultural Officers' Co-operative Society, Limited. In point of membership, the largest society of this class was the Bihar and Orissa Posts and Telegraphs which had 956 members on its rolls. Next to it was the Bihar and Orissa Police Officers' Co-operative Society with a membership of 878 and the third was the Provincial Civil Service Association with a membership of 279, but there were great disparities in the matter of their working capital and profits. The Provincial Civil Service Association with a working capital of Rs. 2,79,259 earned a profit of Rs. 6,974 only while the Police Officers' Co-operative Society with a working capital of Rs. 85,121 only earned a profit of Rs. 5,308 and the Bihar and Orissa Posts and Telegraphs with a working capital of Rs. 1,00,523 earned a profit of Rs. 3,071.

42. ***Contractors' Societies.***—There were 2 such societies. The Contractors' Society at Monghyr did not do well. It is contemplated to place it under liquidation. The other at Nawada in Gaya district is reported to be progressing fairly well.

43. ***Fishermen's Societies.***—There was no increase in the number of this class of societies, the total number being 59 as in the previous year. There was a slight increase in membership from 1,108 to 1,135 and a decrease in the working capital from Rs. 95,388 to Rs. 94,823. The net profit on the year's working was Rs. 112 as against Rs. 502 in 1927. The total Reserve Fund of these societies stood at Rs. 4,082 and they held deposits amounting to Rs. 1,938.

44. ***Home Industries Associations.***—The societies of this class 3 in number, are in Khunti, Purulia and Sambalpur, one at each place. All these three ran into loss. The Khunti Home Industries Association which is a combined factory and weaving school suffered a loss of Rs. 983. Nevertheless it is reported to be doing useful work. It maintains a Weaving Inspector and gives free training in weaving. The factory manufactures a variety of cloths such as *dhotis*, *saris*, bed-sheets, towels and silk *chadars*, etc. The Purulia Home Industries Association which had become defunct has been reorganized. The Rampella Home Industries Association suffered a loss of Rs. 3,119. The business of the society is practically at a

stand still and a criminal case for misappropriation and defalcation against the store-keeper and accountant is pending. The society is simply biding its time and stands to be liquidated.

45. *Housing Society*.—The Pioneer Co-operative Housing Society, Limited, at Patna which was registered towards the close of the year is the first and only society of its kind in the province. Its object is to give out long term loans for construction of houses on plans approved by the society, in order to relieve the middle class people of the housing difficulties experienced in Patna. It has got great possibilities provided it receives financial help from the Provincial Bank and the Government in the shape of long term loans at a moderate rate of interest.

46. *Artisans' Societies.*—With a few exceptions, the working of this class of societies continued to be generally unsatisfactory. The Patna City People's Bank and the Traders' Bank of Bankipur were able to extend their membership and working capital. The People's Co-operative Bank had 965 members as against 792 last year and a working capital of Rs. 1,37,900 as against Rs. 1,35,873 last year. It is gratifying that with an increase in the working capital by about Rs. 2,000 only, it earned a profit of Rs. 6,595 which showed an increase of Rs 1,490 over the profit of the previous year. The Traders' Co-operative Bank of Bankipur had a membership of 301 and a working capital of Rs. 2,58,075 as against a membership of 256 and a working capital of Rs. 1,86,782 in the previous year but in spite of an increase in the working capital by about Rs. 71,000 the profit amounted to Rs. 1,402 only which was less by Rs. 630 than the profit earned in the previous year. The Carpet Co-operative Society of Gulzarbagh fared worse and with a working capital of Rs. 27,886 it suffered a loss of Rs. 3,688. The Muzaffarpur Traders' Co-operative Bank made satisfactory progress. Its membership increased from 77 to 105 and with a working capital of Rs. 85,8[illegible]0 it earned a profit of Rs. 1,044. A new addition to this class of societies was the Darbhanga Traders' Co-operative Bank which was registered towards the close of the year. It did not fully start working during the year. The traders' and artisans' societies under the Bettiah Central and Bettiah National Central Banks—13 in number—continued to be unsatisfactory. The other six societies too of this class attached to the Motihari Central Co-operative Bank with the exception of Dariapore no. II and Motihari town have done no better. They are in a process of internal liquidation and the end of their existence seems to be drawing close. A new

society of this class called the Siwan Industrialists' Co-operative Society, Limited, open to the dyers, potters and calico printers of Siwan came into existence at Siwan. The society worked for a few months only and with a working capital of Rs. 1,548 sustained a loss of Rs. 14. There were six bell-metal societies in Cuttack Circle and one in Sambalpur Circle. Of the six societies in Cuttack Circle the Baidyarajpur Bell-metal society is doing fairly well but lately signs of deterioration have come to light. The working of all these societies resulted in a total loss of Rs. 9,664. The supervisor for these societies appointed by Government worked very hard but from the experience gathered about the working of these societies the Deputy Registrar is very doubtful whether the supervisor can be of any further material assistance for the improvement of the societies. The question of abolishing this post is under consideration. The Rampella Bell-metal Society in Sambalpur Circle also sustained a loss of Rs. 367. A bell-metal society at Bhagalpur was registered about the middle of the year. Within 7 months of its working, the outturn of finished goods amounted to Rs. 27,936 and the sale to Rs. 13,000 on which the gross profit made was Rs. 1,433. The society bids fair to be a successful concern.

47. *Co-operative Presses.*—The Sree Radhanath Co-operative Press continued to work satisfactorily. With a working capital of Rs. 8,615 it earned a profit of Rs. 1,142. The Purnea Co-operative Press and Store earned a profit of Rs. 247 with a working capital of Rs. 6,627 as against a loss of Rs. 816 in the previous year. The Bihar and Orissa Co-operative Press is dealt with separately under the head ' Federation '.

48. *Anti-Epidemic Society.*—Up to the end of the year under report there was only one society of this kind, viz., the Bhitbherwa Anti Epidemic and Public Health Society in Gopalganj subdivision. Attempts to organize some more societies in Gopalganj and Aurangabad subdivisions are in progress. In the Bhitbherwa society a friction has arisen owing to a misunderstanding among the local promoters of the society regarding the constitution and power of the managing and supervising committees, particularly in regard to the control and supervision of the work of the medical officer appointed for the society. It is to be hoped that better understanding will prevail and the society will resume its career of usefulness. The district of Purnea which is the most malarious in the province offers a great field for anti-malarial societies and I hope the central banks of that district will take up the organisation of such societies in right earnest.

49. *Societies for depressed classes.*—The working of societies of this class has been generally unsatisfactory. This is mainly due to the poverty and the extreme ignorance of the members. There were 6 societies of *domes* and *mehtars* in Motihari with a membership of 141 and working capital of Rs. 6,774. A society for Magahya *domes* (a criminal tribe under perpetual police surveillance) was organized at Masrak in the district of Saran. If the society works successfully some more societies will be started for the *Dome* Settlements in that district. In Cuttack Circle there are six poultry-breeding societies and three societies of *mochis* (shoe-makers). The membership of the poultry-breeding societies is confined to *pans, setaras, bauris, hadis* and other low caste people. In Bhadrak area there were two societies of *Pans* one having been organised during the year. Both these societies sustained a loss of Rs. 6 but the educative value of these societies has not been lost upon the members and they have become thoroughly imbued with the spirit of co-operation and self-help. The *Pans* of Jalmandu society are reported to have excavated, by their joint efforts, a well for supply of drinking water and also maintained a school with a teacher at their own cost for the education of their children. There are a few more societies of *domes, mehtars* and other low castes in Ranchi, Sitamarhi, Muzaffarpur and other areas which are working tolerably well.

50. *Weavers' Societies.*—The Ranchi Weavers' Store suffered a loss of Rs. 6,041 on the year's working, the total loss up to the end of the year amounting to Rs. 27,724. Arrangements to wipe off the loss are being made and a proposal to recoup a part of it by Government grant has been sanctioned by Government subject to certain conditions. It is now up to the directors of the Stores to fulfil those conditions and thereby save the institution. The majority of the 36 societies under the Bhagalpur Weavers' Stores which have been under a process of informal liquidation for the last few years continued to be lifeless. The societies are being continued only to enable recoveries to be made gradually as there are not sufficient assets for immediate realization through liquidation. In Monghyr Circle there are 10 weavers' societies which have begun well. With 128 fly-shuttle looms working the societies earned a net profit of Rs. 160 with a working capital of Rs. 8,573. The 17 societies in Sambalpur Circle had a more satisfactory working than that in the previous year. They earned a profit of Rs. 1,221 with a working capital of Rs. 21,790 as against a profit of Rs. 933 with a working capital of Rs. 20,363, in the previous year. There were 32 weavers' societies in Cuttack Circle. These

earned a small profit of Rs. 466 with a working capital of Rs. 29,056. The Obra Weavers' Society in Aurangabad Subdivision and the *Kalin Baf* society at Sasaram made small profits. The weavers of the former society can make *durries* and carpets of very good quality but still their trade does not thrive for want of a ready market. It is satisfactory to note that altogether 2,398 looms worked in the weavers' societies in the province.

51. *Stores.*—The Bhagalpur Electric Co-operative Store registered during the year was an addition to the number of stores. This new venture has been of great benefit to the members and the public as the following extract from the Assistant Registrar's report will show :—

"It is admitted on all hands that but for this Store, the rate of house-wiring in this town would never have gone lower than Rs. 13 per point as was charged by some of the private firms in the beginning. The average rate now charged is only Rs. 8. Taking the number of points done so far to be 4,000, the Electric Store has been able to save about Rs. 20,000 for the public."

There are two other stores in Bhagalpur, viz., the Automobile Association and the Cycle Co-operative Stores. The working of the former resulted in a loss of Rs. 218 on a working capital of Rs. 15,825. This was due to inflated profit being shown in the previous year which was discovered subsequently. The Cycle Co-operative Store earned a profit of Rs. 34 with a working capital of Rs. 913. The Kanke Co-operative Stores continued to be the biggest store in the province and with a working capital of Rs. 45,467 earned a profit of Rs. 9,963. Next to it was the Secretariat Co-operative Store. Its working capital was Rs. 26,888 and the profit earned by it amounting to Rs. 3,073 was a very marked increase over the profit of the previous year which was Rs. 1,906. The Pusa Friends' Union Co-operative Store continues to be a model store and with a working capital of Rs. 3,259 earned a profit of Rs. 1,032. The Ravenshaw College Co-operative Store worked successfully and earned a profit of Rs. 337. The Bettiah Raj School Store was able to make a small profit of Rs. 52 with a working capital of Rs. 1,099 but the Motihari Zila School Store continued to be on the downward course and sustained a loss of Rs. 95. The Ranchi Accounts Office Store earned a profit of Rs. 1,544. The Balugaon Fishermen's Store has been successfully carrying on its golden prawn business. It was able to earn a profit of Rs. 4,200. It now hopes to wipe off its previous losses.

Inspection, Audit and Test Audit.

52. *Inspection.*—All the Assistant Registrars completed the annual inspection of the central banks and unions in their

respective charges besides inspecting varying numbers of agricultural and other types of societies for which no standard was prescribed until the end of September last when I laid down that at least 5 per cent. of the primary societies in each circle should be thoroughly inspected in each year. I trust this standard will be worked up to by the Assistant Registrars.

53. *Test-audit.*—I am glad to report that the prescribed percentage of test audit by Assistant Registrars has not only been attained by all but even exceeded. The greatest number of test audits was done in the Muzaffarpur Circle where the percentage is 17·6. Babu Jamuna Prasad Singh, the Assistant Registrar is responsible for 6·4 and the Additional Assistant Registrar Maulavi Qamrul Hoda for 11·2. The percentage for Monghyr Circle is 6·1. Although these figures are satisfactory, I am not satisfied with the quality of the work done by some of the officers who seem to have been more anxious to show better outturn than to care for efficiency, with the result that they test audited societies at the rate of 7 or 8 a day.

The 5 per cent. standard of test audit by Assistant Auditors was reached only in Sambalpur, Bhagalpur and Gaya Circles. Cuttack and Ranchi Circles fell short of the standard only by ·3 and ·6 per cent. respectively while the percentage was inadequate in Patna, Chapra, Muzaffarpur and Monghyr Circles being 3·6, 3·4, 2·3 and 2, respectively. The low percentage in Monghyr Circle was due to the fact that the Assistant Auditor was employed there only for 8 months. In the Chapra Circle the Assistant Auditor was busy throughout the year in the annual and half-yearly audit of the central banks. The same reason applied to Patna and Muzaffarpur circles. The need for strengthening the audit staff was fully discussed in the previous report and it was also pointed out how the proposal to raise the audit fee was turned down by the Patna Session of the Congress held in March, 1928. The *impasse* referred to in this connection continued to exist throughout the year. Since the close of the year however the matter was again discussed at the last Congress held at Cuttack in May, 1929 and slight increase in audit fee has been secured which will only suffice to provide for leave vacancies among Assistant Auditors but will not enable any additions to be made to the cadre.

Mr. P. Sen Gupta, the Chief Auditor, worked throughout the year except for a short period of 13 days when he was on leave. He was on tour for 190 days. He personally audited 2 stores, the Federation including its branches, the Development

and the Press, and also conducted the half-yearly audit of the Provincial Co-operative Bank. He test-audited 5 banks and 10 limited liability societies and also examined the books and accounts of a number of other banks and societies.

54. *Audit.*—During the year under report 8,761 societies of all kinds including those under liquidation were due for audit out of which 8,494 were audited. Of the remainder, i.e., those that could not be audited 228 belonged to the Ranchi Circle as already mentioned in paragraph 14 and the remaining 39 to other circles. To carry out the audit, the Federation maintained 11 Assistant Auditors and 108 Local Auditors. There was thus an increase of only 3 Local Auditors during the year and although the staff is not yet sufficient it is satisfactory to find that there has been further improvement in the quality of audit.

FEDERATION.

55. *Management.*—The constitution of the Federation remained as before. Owing to heavy pressure of work, some of my powers were delegated to Rai Sahib Raj Prakash Narain, a Federation Councillor, in order to facilitate quick disposal and I offer him my best thanks for the help and assistance rendered.

56. *Meetings.*—There were 3 meetings of the Federation Council during the year. The annual session of the Federation Congress was held at Patna from 27th to 29th March, 1928, under the Presidentship of Sir Lalubhai Samaldas, Kt. His Excellency Sir Hugh Lansdown Stephenson was pleased to open the Congress giving a fresh proof of his deep interest in the co-operative movement. The Hon'ble Babu Mahendra Prasad, Rai Sahib A. K. P. Sinha, Professor B. B. Makherji and Maulavi Ali Hasan, Development Officer attended the All-India Provincial Institutes Conference held at Simla on 25th September last as representatives of the Federation.

57. *Funds.*—The total receipts for the audit session of the year amounted to Rs. 2,44,316 while the total expenditure went up to Rs. 2,66,295 thus resulting in an excess expenditure of Rs. 21,979. This was due to non-realisation of a sum of Rs. 23,713 from the central banks which remained overdue at the close of the year. If the central banks had discharged their obligations in time the Federation would have saved Rs. 2,613 paid to the Provincial Bank as interest on the amount of the cash credit which it was compelled to withdraw from the Provincial Bank.

The total amount of subsidy received from Government excluding the grant to the development branch was Rs. 80,721 as detailed below :—

		Rs.
1. For the audit of primary societies	...	53,777
2. For the entertainment of Assistant Auditors		16,672
3. For the maintenance of Inspecting Clerks		6,000
4. For training of probationers ...	...	2,500
5. For the supply of account books to new societies.	...	1,772
Total ...	...	80,721

58. *Bihar and Orissa Co-operative Press.*—The working of the Bihar and Orissa Co-operative Press resulted in a loss of Rs. 735 as against a profit of Rs. 3,236 in 1927. The position of the press formed the subject of discussion at a conference of the delegates of central banks which met in Patna in November last and the matter was again discussed at the last Co-operative Congress held at Cuttack. A committee has been appointed by the Congress to take steps to convert it into a limited liability society, the shares being owned by co-operative institutions. It is expected that by this means the central banks will take better interest in its working and place all their orders for printing with it.

59. *Development Branch.*—In my last annual report recommendations of the Development Sub-Committee were published as an appendix. Only a fragment of the scheme of the Development Sub-Committee was however adopted, the greater portion being shipwrecked on the rock of financial stringency. The Sub-Committee had recommended the appointment of one Propaganda Officer in each division and one supervisor for each central bank. The idea was that Propaganda Officers would organise training classes and initiate new schemes to be carried through by the Supervisors. While making their recommendations the sub-committee counted upon Government aid and failing that upon the spirit of self-help of the central banks. But these expectations were not realised. The scheme was badly mutilated and work had to be carried on only with the 5 Propaganda Officers and with whatever help the central banks could give with their existing staff. It is, however, gratifying that a good deal of useful work was done by the Propaganda Officers, particularly in organizing training classes for the Panches of

societies. With their help training was organized and conducted by good many central banks which would not have been able to do anything by themselves in this direction. The Propaganda Officers were also usefully employed in doing propaganda work by means of delivering magic lantern lectures at fairs and at annual general meetings of the banks. They also worked as lecturers in the classes for the training of probationers held at Sabour and Cuttack.

60. *Training of probationers*.—The Sabour training class was split up last year and Orissa had a separate class at Cuttack. Of the 62 probationers trained at Sabour 45 passed the final examination and among the old employees of the banks that attended the Refresher classes 30 passed the examination out of a total of 33. At Cuttack 35 probationers passed the examination out of 50. The training has been improving from year to year but it has not yet reached the desired level of efficiency firstly owing to the shortness of the course, secondly for want of whole-time lecturers and thirdly, for lack of proper arrangements for practical training. The last Co-operative Congress accepted the idea of having a permanent training institute and a sub-committee has been appointed to draw up a scheme for the same which the council has been authorized to give effect to.

61. *Publications*.—The English *Quarterly Federation Gazette* continued to be brought out regularly. Though the number of subscribers has been slowly increasing the journal has not yet become self-supporting and the subscriptions from the central banks very often remain in arrears. The Hindi Magazine —the *Sahjog Samachar*,—was restarted as a monthly during the year under a resolution of the Congress but the number of subscribers is very limited.

CONCLUSION.

We have passed through the second year of what may be called the period of reform which was launched in 1927. The results achieved are encouraging but there is still much leeway to be made up. Reform is always an uphill work but we may be sure of success if we don't slacken in the earnestness with which we have started the work. It would be only by the joint and persistent action of the officials and the non-officials interested in the movement that the goal will be achieved. I am glad to be able to record that I have received all possible help from my non-official co-adjutors who have displayed

considerable zeal and earnestness in promoting the reforms that have been undertaken. We cannot be sufficiently grateful to them for all the work that they are ungrudgingly performing merely out of love of the movement. The list of honorary workers is too long to enable me to name each and every one of them in this report and I would therefore not attempt to mention names but take leave to tender my best thanks to them and acknowledge the great assistance which I have received from them. I am equally indebted to my staff for sharing with me the heavy burden of carrying on the work of the Department.

D. PRASAD,

Registrar.

B. & O. G. P. (C. C. S.) no. 14—682—23-12-1929—E.P.R. and others.

25,950

APPENDIX I.

Tour of Assistant Registrars and Chief Auditor.

Serial no.	Name.	Designation.	Number of days on tour in 1927.	Number of days in tour in 1928.
1	2	3	4	5
1	Babu Bansi Prasad ...	Assistant Registrar.	151	166
2	„ Rai Brij Bihari Saran...	Do. ...	...	105 in six months.
3	Maulavi Saiyid Muhammad Fazli Haq.	Do. ...	185	190
4	Babu Mathura Prasad ...	Do. ...	198	195
5	„ Jamuna Prasad Singh...	Do. ...	156	205
6	„ Jugal Kishore Singh ...	Do. ...	106	172
7	Maulavi Anwar Karim ...	Do. ...	174	91. Was on leave for 4 months.
8	Rai Sahib Phanindra Nath Gupta.	Do. ...	60	143
9	Babu Durga Prasad Misra ...	Do. ...	145	50. Was on leave for 4 months.
10	Maulavi Abdus Samad Khan	Do. ...	174	48 Was on leave for 8 months.
11	„ Wasiq Ali ...	Do. ...	...	121 Joined 22nd April 1928.
12	Maulavi Qamrul Hoda ...	Do. ...	...	151. Joined 3rd March 1928.
13	Babu Satish Chandra Roy ...	Additional Assistant Registrar.	...	60. Joined 29th August 1928.
		Total ...	1,447	1,697
14	Mr. P. Sen Gupta ...	Chief Auditor.	192	190
		Grand Total	1,639	1,887

APPENDIX II.

Report of the Directors for the year 1928.

TO

THE SHAREHOLDERS, BIHAR AND ORISSA PROVINCIAL CO-OPERATIVE BANK, LTD., PATNA.

GENTLEMEN,

Your Directors have the pleasure to submit their fifteenth annual report on the working of your Bank from the 1st January to the 31st December, 1928. The accounts of the Bank have been audited by Messrs. Lovelock and Lewis, Chartered Accountants, Calcutta, and their audit report and the audited Balance Sheet are placed before you for consideration and acceptance.

2. It will be seen that the working of the Bank during the year has resulted in a profit of Rs. 1,02,564-2-8 including a sum of Rs. 453-7-2, brought forward from the previous year of which after a deduction for—

	Rs.	a.	p.
Depreciation on building and furniture at 10 per cent.	725	5	0
Guarantee commission on uncalled amount of Guarantor's shares at ½ per cent. p. a.	1,900	0	0
Dividend at 6 per cent. p. a. on the paid up amount of Guarantee shares.	1,200	0	0
Transfer to reserve account at 25 per cent. of net profit.	24,571	5	7
Total ...	28,396	10	7

There remains available for distribution Rs. 74,167-8-1 which your Directors recommend to dispose of as follows in accordance with by-law no. 32 :—

	Rs.	a.	p.
To pay a dividend at 6 per cent. p. a. on the paid up amount of ordinary shares.	27,267	3	0
To pay a bonus at 2 per cent. p. a. on the paid up amount of ordinary shares.	9,089	1	0
To place to Reserve account a further sum which brings it up to Rs. 2,35,000.	428	10	5
To provide for doubtful debts in Contingency Reserve account.	10,000	0	0
To place to Building Reserve account... ...	10,000	0	0

	Rs.	a.	p.
To place to Reserve for Depreciation of Government securities.	10,000	0	0
To place to fund for the Training of office bearers of primary societies.	4,000	0	0
To grant a bonus to the present staff of one month's pay.	1,180	0	0
To carry forward to next year's account ...	2,202	9	8
Total	74,167	8	1

3. It will be observed from the statements of accounts that there has been an increase of over nine lakhs in the working capital of the Bank during the year under report and it now stands at over sixty-seven lakhs. The paid up share capital and reserves of the Bank as well as fixed deposits from central banks have increased while savings reserve deposits and floating deposits of central banks have decreased. Fixed, savings and current deposits from individuals show no appreciable change as rates on them were lowered in the beginning of the year. A sum of over rupees four lakhs had therefore to be taken from the Imperial Bank of India under our cash credit accounts.

4. The rate of interest on fixed loans to central banks was reduced from 7 per cent. to 6 per cent. at the beginning of the year. Due to this reduction and to the refund, on the recommendation of the Registrar, of deposits which were on higher rates, and also to a partial failure of crops, our total advances to central banks increased during the year to over rupees forty lakhs thus absorbing all the available surpluses of the Bank. The reduction of 2 per cent. in the loan rate of the Bank during the last two years has enabled the central banks to reduce rates allowed by them on local deposits from 8 per cent. to 6 per cent. and, it is hoped, will result in a similar reduction in the lending rate of central banks to societies.

5. The profits made by the Bank during the year are comparatively larger than those made in any previous year. These profits are due to the reduction in rates on deposits and to the investment of all the surplus funds of the Bank with the central banks.

6. With the expansion of the movement and the growing demands of central banks for loans for debt redemption, and improvements in the lands of members of societies, and also due to the starting of house building societies, the need for non-withdrawable and long term capital has become increasingly

evident, and your Directors are seriously considering the ways and means to meet this requirement. In this connection your Directors gratefully place on record that the Government of Bihar and Orissa in the Ministry of Local Self-Government were pleased to issue a circular in July last year, amending rule 7 of Model Provident Fund Rules for the benefit of employees of district boards and municipalities, to the effect that a part or the whole of the accumulated balances at their credit may be deposited in the Provincial Bank by the order of the Chairman of the district board or municipality concerned, and your Directors look forward to the co-operation of all interested in the co-operative movement in the province, and hope that the said circular will be given effect at an early date.

7. Your Directors consider that as the apex bank, it is the duty of the Bank to encourage the training of office bearers and members, of primary societies which constitute the foundation on which the structure of the movement rests. A sum of Rs. 4,000 is therefore provided from the profits of the year under review for contributions to central banks towards the expenses of training classes of members of primary societies, and for donations to schools in society villages approved by the Registrar, Co-operative Societies, Bihar and Orissa.

8. Your Directors, at the suggestion and with the help of the department, have undertaken the development of the backward hill tract of Santal Parganas on co-operative lines, by direct organization of societies amongst the Paharias. The question of marketting the Sabai grass produce of the Paharias on co-operative lines and other incidental matters are also being carefully considered. Your Directors feel that the welfare and development on sound co-operative lines of such areas should be one of their primary considerations and with that view are willing to incur additional expenditure, if thought necessary, for a healthy development of the movement among the Paharias till the formation of a central bank there to take up the work.

9. The overdues from central banks show a satisfactory decrease of Rs. 50,000 over those of last year, the overdues as per balance sheet, as before, include an amount of Rs. 50,000 being debts due from liquidated Store societies. The probable loss to the Bank arising out of bad debts is provided for in the Contingency Reserve account to which the balance of the Building Reserve account will be added when the building is complete.

10. The Government and Trust securities of the Bank are shown in the balance sheet at their cost to us. The present market value of the securities taken as a whole is higher by over

rupees twenty thousand than their cost. The market value of some securities, however, has depreciated, and therefore a provision of rupees ten thousand for depreciation on securities is recommended from the profits of the year under review.

11. The acquisition of additional land for the Bank building was completed during the year, and the work of constructing the building at a cost of over rupees thirty-eight thousand was taken in hand at the end of the year under report. The new building will be ready for occupation soon.

12. Your Directors have to acknowledge with thanks the courtesy and assistance they have uniformly received from the local Agent of the Imperial Bank of India. The arrangements with the Imperial Bank of India have worked very satisfactorily.

13. All your Directors retire under by-law no. 22 but are eligible for re-election.

S. Ali Imam.
D. Prasad, Registrar, Co-operative Societies.
Prithvi Chand Lall.
D. D. Sondhi.
Raj Prakash Narayan.
Muhammad Kamar Ali Khan.
Lakshmi Narayan Lal.
L. G. Miller, Capt.
Padma Charan Patnaik.
Mihir Nath Roy.
Kamaleshwari Sahay.
Prafulla Chandra Patnaik.
Nageshwar Prasad.
Brajnandan Sahay.
Mahendra Prasad.
Tara P. Ghose.
M. Yunus.

Dated the 23rd February 1929. — V. M. THAKORE, *Secretary.*

NOTE.—To the date of publication Maharajadhiraj Sir Rameshwar Singh, G.C.I.E., K.B.E., Darbhanga, has not signed the report.

THE BIHAR AND ORISSA PROVINCIAL CO-OPERATIVE BANK, LIMITED, PATNA.

Balance Sheet as at 31*st* *December* 1928.

Liabilities.	Amount.	Total.	Assets.	Amount.	Total.
	Rs. a. p.	Rs. a. p.		Rs. a. p.	Rs. a. p.
Capital—			Building—		
Authorised—			New Building Expenditure to date ...	33,785 0 9	
4,000 Guarantee shares at Rs. 100 each	4,00,000 0 0		Rs. a. p. Building at cost... 9,547 5 6		
3,200 Ordinary shares at Rs. 500 each	16,00,000 0 0		*Less* depreciation to date... 5,421 5 6		
	20,00,000 0 0			4,126 0 0	
					37,911 0 9
Subscribed—			Furniture and fixtures—		
4,000 Guarantee shares at Rs. 100 each	4,00,000 0 0		At cost .. 4,016 11 8		
2,427 Ordinary shares at Rs. 500 each	12,13,500 0 0		Cost of new furniture .. 414 5 0		
	16,13,500 0 0			4,431 0 8	
			Less depreciation to date	2,027 0 8	
Paid up—					2,404 0 0
			Loans and advances—		
4,000 Guarantee shares at Rs. 5 each	20,000 0 0		Loans to Central Banks—		
2,427 Ordinary shares at Rs. 200 each	4,85,400 0 0		Rs. a. p. Overdue 1,24,652 10 1		
		5,05,400 0 0			
General Reserve ...	...	2,34,571 5 7	Current 34,96,417 3 8		
				36,21,069 13 9	
Special Reserves—			Loans to Societies—		
Provision of Contingencies ...	44,000 0 0		Rs. a. p. Overdue... 5,897 8 5		
Building Reserve Account ...	45,000 0 0		Current... 73,520 3 0		
		89,000 0 0		79,417 11 5	

Liabilities.	Amount.	Total.	Assets.	Amount.	Total.
	Rs. a. p.	Rs. a. p.	Cash Credits—	Rs. a. p.	Rs. a. p.
Fixed deposits—			Considered doubtful (Rs. a. p.) 37,938 12 8		
Individuals ...	33,17,443 13 1		Considered good ... 2,58,560 10 5		
Central Banks and Societies ...	8,09,168 1 2			2,96,499 7 1	
		41,26,611 14 3	Maximum Credits ...	92,133 2 0	
Savings Bank—			Loans against Fixed Deposits ...	85,824 14 2	
Individuals ...	6,53,012 4 7		Interest Receivable—		41,74,945 0 5
Central Banks and Societies ...	1,17,664 8 9		Interest on Central Banks' loans up to—		
		7,70,676 13 4	31st December 1927 10,112 0 0		
Floating Deposits and Current Accounts—					
Individuals ...	1,06,515 10 6		31st December 1928 1,15,104 9 0	1,25,216 9 0	
Central Banks and Societies ...	2,31,278 10 8		Interest on Societies' loans up to—		
		3,37,794 5 2	31st December 1927... 834 14 9		
Special Deposits—			31st December 1928...5,320 11 0	6,155 9 9	
Reserve Fund Deposite of Central Banks and Societies ...	20,426 13 2		Interest on loans against Fixed Deposits up to—		
Security Deposits of Bank Employees ...	10,500 0 0		31st December 1927... 44 5 0		
Provident Fund Deposits of Bank Employees ...	4,390 4 0		31st December 1928... 2,580 5 0	2,624 10 0	
Provident Fund Deposits of Development Branch Employees ...	3,578 1 11		Interest on Current account with Bengal Provincial Bank ...	136 2 3	
Provident Fund Deposits of Federation Employees	59,875 6 10		Interest on Fixed Deposits with other Provincial Banks ...	28,037 15 0	
Federation Building Fund Deposit ...	20,373 15 2		Interest on Government Securities ...	20,244 1 0	
Contribution to Training Class ...	3,698 11 9	1,22,843 4 10	Interest on Postal Savings Bank Account	20 15 0	1,82 435 14 0

Liabilities.	Amount.	Total.	Assets.	Amount.	Total.
	Rs. a. p.	Rs. a. p.	Sundry Debtors ...	Rs. a. p. ...	Rs. a. p. 362 0 0
Imperial Bank of India—			Fixed Deposits with other Banks—		
Cash Credit Account no. 1 ...	3,63,858 13 10		Bengal Provincial Co-operative Bank, Limited ...	8,15,000 0 0	
Cash Credit Account no. 2. Secured by deposit of Promissory Notes of Central Banks ...	94,982 13 11		Assam Provincial Co-operative Bank, Limited ...	95,000 0 0	
		4,58,841 11 9	Central Provinces and Berar Provincial Co-operative Bank, Limited ...	50,000 0 0	
					9,60,000 0 0
Interest Payable—			Investments in Government Securities— Face Value. Rs.		
Interest on Fixed Deposits up to— Rs. a. p.			5 per cent. Calcutta Port Trust Debentures. 1916 ... 75,000	63,750 0 0	
31st December 1927 ... 15,810 12 8			6 per cent. Calcutta Improvement Trust Debentures, 1955 ... 50,000	49,125 0 0	
31st December 1928 ...1,35,399 14 0					
	1,51,210 10 8		6 per cent. Calcutta Port Trust Debentures, 1955-85 ... 1,50,000	1,48,500 0 0	
Interest on Security Deposits of Bank Employees ...	735 0 0		5 per cent. Loan, 1945-55 ... 2,56,000	2,67,776 14 0	
Interest on Reserve Fund Deposibs of Central Banks ...	955 10 0		4 per cent. Loan, 1960-70 ... 2,00,000	1,76,000 0 0	
		1,52,901 4 8	3½ per cent. G. P. Notes 2,25,000	1,74,921 14 0	
			5 per cent. Bonds, 1933 1,50,000	1,46,625 0 0	
Sundry Creditors' Account ...	...	7,438 3 0	5 per cent. War Loan, 1929-47 ... 68,400	67,413 8 0	

Liabilities.	Amount.	Total.	Assets.		Amount.	Total.
	Rs. a. p.	Rs. a. p.		Face value. Rs.	Rs. a. p.	Rs. a. p.
Net profit after providing for dividend and commission to the guarantee shareholders and placing 25 per cent. of the balance to reserve.	...	74,167 8 1	6 per cent. U. P. Bonds, 1926-41 ...	1,50,000	1,54,125 0 0	
			6 per cent. Bonds, 1931	1,50,000	1,53,750 0 0	
			4 per cent. Loans, 1934-37	1,06,500	99,892 8 0	
			5 years Postal cash certificates	10,000	8,805 0 0	
						15,10,684 12 0
			Cash in hand and at banks—			
			In hand		6,159 9 6	
			Post Office Savings Bank.		1,192 12 3	
			Imperial Bank of India no. 2 account.		204 0 5	
			Bengal Provincial Co-operative Bank.		3,947 5 4	
						11,503 11 6
Total ...	...	68,80,246 6 8	Total ...		...	68,80,246 6 8

AUDITORS' REPORT TO THE SHAREHOLDERS.

We beg to report that we have audited the balance sheet of the Bihar and Orissa Provincial Co-operative Bank, Limited, dated the 31st December 1928, and above set forth, and have obtained all the information and explanations we have required In our opinion such Balance Sheet exhibits a true and correct view of the state of the Bank's affairs according to the best of our information and the explanations given to us and as shown by the Books of the Bank.

CALCUTTA,
The 18th February 1929.

LOVELOCK AND LEWIS,
CHARTERED ACCOUNTANTS,
Auditors.

N. GUPTA, *Accountant.*

MIHIR NATH ROY, *Managing Director.*

V. M. THAKORE, *Secretary.*

THE BIHAR AND ORISSA PROVINCIAL CO-OPERATIVE BANK, LTD., PATNA.

Profit and Loss Account for the year ending 31st December 1928.

Liabilities.	Amount.	Total.	Assets.	Amount.	Total.
	Rs. a. p.	Rs. a. p.		Rs. a. p.	Rs. a. p.
To interest paid and payable.	...	2,59,839 1 2	By balance brought forward from last year's account.	...	453 7 2
Rent and taxes ...	196 10 9		Interest received and receivable.	...	3,86,640 1 11
Postage and Telegrams	1,028 14 6				
Stationery and Printing	1,965 2 6		Entrance Fee ...	8 0 0	
Advertisement ...	304 2 0		Commission account	89 8 3	
General charges ...	1,79 8 9				97 8 3
Establishment Charges	14,399 3 0				
Contribution to Provident Fund.	773 5 0				
Travelling allowances	2,102 15 0				
Library	372 0 0				
Audit fees ...	600 0 0				
Depreciation account	725 5 0				
Provision for development contribution.	1,250 0 0				
		25,513 2 6			
Dividend and commission on guarantee shares.	...	3,100 0 0			
Amount transferred to Reserve Fund at 25 per cent. of net profit.	...	24,571 5 7			
Balance transferred to Balance Sheet.	...	74,167 8 1			
		3,87,191 1 4			3,87,191 1 4

N. GUPTA,
Accountant.

MIHIR NATH ROY,
Managing Director.

V. M. THAKORE,
Secretary.

APPENDIX III.

LIQUIDATED SOCIETIES.

Total number at the end of the year—274

	Rs.
Total amount of loan due from liquidated societies at the beginning of the year	5,15,608
Total amount of loan due from societies liquidated during the year	1,96,798
Total amount of loan repaid during the year by all liquidated societies	78,330
Total amount of loan due from the liquidated societies at the end of the year	6,34,076

APPENDIX IV.

WORKING OF CENTRAL BANKS.

The working of the Central Societies excepting the Provincial Bank is summarised in the following table.

No.	Name of Central Union or Bank.	Number of affiliated societies.		Date of Registration.	Share capital paid up.		Working capital.		Profit and loss.		Reserve fund.		Reserve fund invested separately.		Remarks.
		1927.	1928.		1927.	1928.	1927.	1928.	1927.	1928.	1927.	1928.	1927.	1928.	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
					Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
1	Rohika	231	253	31st December 1909	74,758	85,125	7,67,168	8,23,581	+18,248	+18,982	40,540	45,222	17,291	20,291	
2	Banki	142	142	26th March 1910 ...	46,990	48,510	4,29,941	4,47,429	+7,369	+15,514	30,506	30,511	9,000	15,400	
3	Nawada ...	329	369	14th May 1910 ...	65,720	79,411	8,31,195	11,30,283	+22,887	+26,290	33,358	38,923	15,000	15,000	
4	Ranchi	193	198	10th June 1910 ...	19,323	20,231	1,59,611	1,75,687	+1,508	+912	5,260	5,483	3,600	3,800	
5	Madhipura ...	127	128	2nd September 1911	35,065	36,105	2,25,696	2,39,421	−3,815	−6,326	10,298	10,309	9,282	9,957	
6	Jahanabad ...	215	221	13th October 1911	81,574	85,290	7,27,680	7,03,355	+10,018	+19,837	28,705	28,750	18,585	21,260	
7	Bihar	157	154	8th November 1911	40,454	39,217	3,69,509	4,38,600	+1,702	−368	18,549	18,591	9,000	9,000	
8	Khurda	244	246	22nd March 1912	54,806	57,762	4,60,005	4,77,304	+28,156	+8,458	26,603	31,890	13,200	13,200	
9	Bhagalpur ...	103	107	12th May 1913 ...	43,736	49,320	4,03,637	4,75,686	+13,637	+12,372	6,792	6,793	6,792	6,793	
10	Muzaffarpur ...	185	188	24th May 1913 ...	54,536	57,780	8,70,743	8,50,789	+12,209	+15,440	16,500	19,500	16,500	19,500	
11	Gaya Sadr ...	244	237	6th June 1913 ...	1,12,049	1,09,905	9,69,267	9,92,230	+9,515	+18,323	17,486	17,486	17,486	17,486	
12	Barh	107	125	30th September 1913.	52,881	52,686	3,98,279	4,88,603	+42,463	+14,772	20,573	23,647	20,573	23,647	
13	Siwan	221	244	24th February 1914	98,904	1,01,240	8,74,304	8,88,306	+18,360	+23,973	49,685	63,525	14,600	20,400	
14	Purnea	55	54	17th March 1914 ..	15,248	15,134	1,75,383	1,62,721	+6,791	+3,896	2,990	2,995	2,185	2,185	
15	Supaul	133	122	10th May 1914 ...	37,261	39,275	3,15,380	2,99,882	+2,567	+6,251	14,816	14,937	7,200	7,400	
16	Daulatpur ...	120	125	13th June 1914 ...	57,990	63936	5,03,543	5,65,059	+7,550	+11,001	22,135	26,004	21,400	21,400	
17	Jajpur	131	140	30th October 1914	36,220	39,913	3,23,194	3,27,232	+7,952	+10,138	4,090	4,856	4,090	4,856	
18	Aurangabad ...	153	159	19th November 1914.	27,174	29,473	4,77,791	4,82,751	−684	−4,357	4,521	4,386	4,521	4,386	
19	Banka	217	223	5th December 1915	43,370	53,502	4,89,491	5,86,704	+11,326	+13,837	6,584	6,719	6,584	6,719	
20	Balasore... ...	209	210	19th February 1916	50,872	54,950	7,17,933	7,58,908	+23,725	+25,438	13,206	18,357	8,000	10,000	
21	Gopalganj ...	146	154	22nd March 1917	34,779	49,721	4,71,012	4,96,528	+12,659	+13,931	14,494	17,534	5,600	7,400	
22	Cuttack	289	284	9th May 1918 ...	40,556	53,764	4,93,336	5,33,208	+12,966	+18,869	6,735	6,745	...	3,400	
23	Kendrapara ...	103	109	29th May 1918 ...	23,903	28,251	2,80,172	2,95,027	+8,264	+9,788	7,199	7,543	4,016	5,016	
24	Bettiah	23	27	12th July 1918 ...	16,125	12,775	1,08,01 2	97,818	+3,112	+680	5,281	4,390	3,200	3,200	
25	Puri ...	143	148	6th November 1918	20,349	30,584	3,53,941	3,37,463	+1,802	+6,889	5,783	10,988	5,783	6,572	
26	Arrah	88	80	5th December 1918	21,042	21,304	4,28,518	3,63,084	+14,739	+10,948	13,711	15,438	3,400	13,711	
27	Buxar	83	81	Ditto ...	30,495	33,746	2,37,707	2,55,929	+14,064	+13,317	1,645	4,162	1,645	4,162	
28	Sambalpur ...	157	162	13th January 1919	14,939	15,660	1,76,029	1,66,758	+4,223	+4,998	11,681	11,682	2,600	2,800	
29	Begusarai ...	83	90	28th January 1919	15,560	16,257	1,98,282	2,19,793	+9,131	+10,476	2,667	4,894	...	2,090	
30	Shaikhpura ...	108	113	1st February 1919	29,216	34,432	2,45,273	3,42,305	+3,102	+7,725	962	1,242	962	1,242	
31	Hazaribagh ...	124	129	5th April 1919 ...	12,019	12,841	1,14,127	1,25,555	+1,009	+1,631	2,354	2,656	1,800	2,400	
32	Purulia	114	118	1st May 1919 ...	8,246	8,918	1,59,766	1,31,670	+365	+1,502	1,993	1,993	400	400	
33	Bhadrak ...	158	161	Ditto ...	48,492	48,680	3,77,397	3,62,224	+18,933	+25,787	13,951	15,189	8,400	9,600	
34	Motihari ...	208	210	7th August 1919...	49,323	50,528	5,10,312	4,77,826	+13,433	+11,968	10,137	14,713	8,302	10,002	
35	Laheriaserai ...	158	173	14th October 1919	48,701	52,015	4,77,741	5,39,559	+20,997	+11,885	6,096	8,432	6,096	8,432	
36	Sasaram ...	94	91	6th November 1919	14,482	14,714	1,70,729	1,68,200	+3,968	+3,706	2,798	9,394	1,400	1,400	
37	Bhagalpur Weavers	36	37	26th November 1919	13,356	13,326	1,16,967	1,71,873	−16,955	−77,390	326	125	40	40	
38	Jamui	123	126	3rd December 1919	33,470	39,030	2,34,828	3,30,775	+5,994	+10,247	3,652	5,149	3,652	5,149	
39	Bargarh ...	188	209	14th January 1920	23,905	25,566	1,67,707	1,84,464	+1,748	+2,539	39,420	39,947	4,200	4,800	
40	Sitamarhi ...	263	266	12th July 1920 ...	71,405	84,333	7,22,326	7,79,508	+5,184	+7,845	6,605	7,657	6,606	7,637	
41	Angul	84	86	15th February 1921	14,426	21,345	2,20,059	1,97,639	+8,490	+7,826	1,549	7,551	800	800	
42	ChotaNagpurChristian	189	195	9th March 1921 ...	18,104	18,827	1,23,559	1,30,225	+421	+3,412	1,561	1,561	1,561	...	
43	Khunti	100	107	9th March 1921 ...	4,533	6,982	69,775	82,261	+285	+240	1,191	1,453	600	1,000	
44	Bettiah National ...	96	97	30th May 1921 ...	22,167	22,657	2,11,579	2,12,386	+1,107	−539	2,391	3,541	800	3,000	
45	Hajipur ...	183	185	30th November 1921.	31,470	40,598	4,30,858	4,87,837	+5,788	+10,061	3,170	5,865	3,170	3,400	
46	Masaurhi ...	119	112	1st February 1922	41,113	38,551	3,66,774	3,89,689	+4,607	+9,110	3,206	3,266	3,206	1,633	
47	Khagaria ...	60	64	17th March 1922	14,144	18,060	1,15,855	1,56,847	+216	+3,495	604	624	604	624	
48	Samastipur ...	54	59	21st July 1922 ...	23,480	25,552	1,60,391	1,83,240	+3,114	+2,444	2,359	2,379	2,359	2,379	
49	Kujang ...	194	193	3rd January 1923	31,030	32,230	3,05,894	3,02,586	+4,716	+13,708	2,495	2,495	2,495	2,495	
50	Havelikharagpur ...	64	83	21st May 1923 ...	15,164	21,362	1,54,107	2,25,218	+2,964	+3,104	3,017	3,097	1,800	1,800	
51	Chapra ...	93	100	10th June 1923 ...	39,582	45,534	3,64,854	3,86,898	+6,637	+12,798	3,277	4,959	...	4,959	
52	Fatwah ...	128	167	18th June 1923 ...	20,690	27,705	2,51,405	4,24,929	+4,615	+6,415	3,350	10,000	3,350	4,200	
53	Bhaptiahi ...	68	65	18th August 1923 ...	26,558	26,023	1,93,218	1,22,308	+647	+3,194	1,110	1,117	1,110	1,117	
54	Nimapara ...	96	97	4th December 1923	16,070	17,190	1,32,513	1,42,065	+1,595	+3,669	560	565	560	565	
55	Monghyr ...	42	43	13th December 1923	6,102	6,424	1,27,950	1,31,530	+1,245	+1,913	174	174	...	174	
56	Daltonganj ...	134	135	13th February 1924	7,985	10,305	1,73,102	1,73,169	+2,245	+1,211	101	90	101	90	
57	Giridih ...	75	89	21st August 1924	4,346	5,264	57,592	74,893	+1,485	+1,767	388	909	...	...	
58	Dinapur ...	69	105	21st March 1925	34,240	47,680	2,80,205	4,34,687	+4,140	+8,886	1,205	1,619	1,205	1,619	
59	Chaibassa ...	102	106	2nd December 1925	3,751	5,710	99,139	96,663	+1,190	+764	708	1,031	...	800	
60	Gumla ...	34	43	2nd January 1926	3,210	5,022	30,411	46,655	+892	+1,780	325	613	...	...	
61	Rajmahal ...	66	86	28th January 1926	16,980	29,800	1,52,573	3,04,052	+1,964	+8,544	250	952	...	952	
62	Deoghar ...	75	115	4th March 1926 ...	5,070	8,000	44,353	71,063	+653	+1,911	...	583	...	583	
63	Jamtara ...	51	81	17th April 1926 ...	4,630	8,151	40,350	71,272	+804	+2,074	...	1,000	...	400	
64	Bhabhua... ...	27	55	2nd November 1926	3,619	9,887	41,752	94,320	+520	+3,009	...	133	...	133	
65	Araria	15	39	13th March 1927 ...	1,437	4,766	24,449	81,803	+115	+1,924	...	55	...	55	
66	Dumka	...	33	17th January 1928	...	1,893	...	16,991	...	+287	...	...	...		
67	Kishunganj ...	...	...	4th September 1928	...	58	...	58	...	+5	...	...	...		

APPENDIX V.

General Progress from 1912-13.

Year.	Number of agricultural and non-agricultural societies.	Number of central banks including provincial bank.	Number of guarantee unions including Bihar and Orissa Co-operative Federation.	Total.	Number of members of societies.	Loans made to individuals.	Reserve Fund.	Working Capital.	Profits.	Remarks.
1	2	3	4	5	6	7	8	9	10	11
						Rs.	Rs.	Rs.	Rs.	
1912-13 ...	573	8	...	581	21,225	6,66,462	75,698	9,39,142	40,294	
1913-14 ...	797	12	...	809	49,647	13,35,260	95,364	14,94,315	89,353	
1914-15 ...	1,068	20	...	1,088	53,721	11,93,944	1,50,386	19,37,211	1,01,019	
1915-16 ...	1,276	21	1	1,298	59,454	11,52,698	2,20,188	22,54,544	1,30,295	
1916-17 ...	1,402	22	5	1,429	66,306	11,90,371	3,00,971	24,62,113	1,31,175	
1917-18 ...	1,680	22	22	1,724	72,360	14,30,851	3,99,472	33,16,412	1,37,433	
1918-19 ...	2,138	32	43	2,213	79,287	17,73,163	4,72,433	38,96,478	2,58,450	
1919-20 ...	2,908	39	64	3,011	96,092	25,34,467	5,81,548	45,61,531	1,89,751	
1920-21 ...	3,458	42	80	3,580	107,514	35,26,895	7,34,782	57,86,460	3,13,256	
1921-22 ...	4,122	46	93	4,261	128,415	43,19,909	9,24,151	79,51,821	3,24,733	
1922-23 ...	4,962	49	119	5,130	152,483	56,93,951	10.95,674	1,05,15,128	3,33,662	
1923 ...	5,420	54	142	5,616	164,137	45,42,491	13,71,347	1,38,46,032	2,73,499	
1924 ...	6,198	58	171	6,427	181,210	62,61,395	15,73,382	1,64,01,355	3,92,505	
1925 ...	6,962	59	199	7,220	198,398	70,86,463	18,93,646	1,90,61,983	4,07,156	
1926 ...	7,982	64	217	8,263	228,486	42,79,717	22,19,088	2,28,84,317	4,43,766	
1927 ...	8,300	66	221	8,587	243,626	78,84,489	25,30,277	2,37,57,219	4,64,102	
1928 ...	8,905	68	215	9,188	255,337	83,44,876	29,96,889	2,71,30,703	5,44,406	

N. B.—Columns 6 to 10 represent figures for agricultural and non-agricultural societies.

No. 2263-D.

GOVERNMENT OF BIHAR AND ORISSA.

(MINISTRY OF EDUCATION.)

EDUCATION AND DEVELOPMENT DEPARTMENT.

RESOLUTION.

Dated the 15*th November* 1929.

READ—

The report of the Registrar, Co-operative Societies, Bihar and Orissa, for the year 1928.

Rai Bahadur Durga Prashad was in charge of the department throughout the year, while Mr. N. K. Roy continued to hold immediate charge of the three circles in Orissa and Chota Nagpur Divisions as Deputy Registrar. The number of circles remained nine as before, but three additional Assistant Registrars were appointed temporarily to afford relief to the Assistant Registrars of Patna, Muzaffarpur and Cuttack, as the work in these circles has become too heavy to be managed by one officer. Government have now under consideration the question of making these posts permanent and splitting up the circles into 12, while they have already decided, subject to the vote of the Council and the availability of funds, to give the Registrar a Personal Assistant to help him with his routine wo:k and enable him to devote more attention to matters of policy and organisation and come in closer contact with the official and non-official workers in the movement all over the province. It is hoped that these steps will enable the Registrar to carry out completely the policy of devoting greater attention to consolidation and improvement of existing societies and place the movement on a very sound basis.

2. *General progress.*—It is gratifying to note that the number of societies of all description increased by 601 as against 323 in the preceding year, though expansion continued to be restricted except in new areas. Membership in the societies increased by over 12,000, while the working capital increased by nearly Rs. 63 lakhs, the total working capital being Rs. 5 crores

65 lakhs. Profits increased by Rs. 1 lakh 20 thousand. Deposits increased by Rs. 5 lakhs only as against an increase of Rs. 21 lakhs last year, which shows that the drastic action taken by the Registrar to prevent central banks from accumulating deposits far in excess of the amount needed has already borne fruit.

3. *Provincial Bank.*—It is satisfactory to note that the fine new building of the bank was completed soon after the close of the year when it was formally opened by His Excellency the Governor. The working capital of the provincial bank increased during the year from Rs. 57 lakhs to Rs. 66 lakhs and the bank made a record gross profit of Rs. 1,02,000 against Rs. 77,000 in 1927. Government are glad to note that there has been an increasing demand for loans from central banks which fact is chiefly responsible for a total increased demand of Rs. 15 lakhs, while the amount of overdues shows a considerable reduction from Rs. 1,54,000 in 1927 to Rs. 1,24,000. It is very satisfactory to note that the apex bank has continued to record such gratifying progress in all respects and Government trust that this record will be maintained and surpassed during the present year.

4. *Central Banks.*—The number of central banks increased by two and the financial position of the central banks shows signs of improvement in all respects. The working capital increased by Rs. 20 lakhs and there was a welcome further improvement in the proportion of owned capital to borrowed capital during the year under report. The policy laid down by the department to guard against unnecessary acceptance of deposits has had its effect and deposits increased only about a quarter of a lakh. What is more, there was an increase in the amount of deposits by agriculturists of Rs. 3 lakhs coupled with a decrease in the deposits by zamindars. Most of the banks have now reduced their rate of interest to 6 per cent. and Government trust that the few who are lagging behind and paying higher rates will now fall in line and reduce their rates. This general reduction in the rate of interest on deposits coupled with the increase in the year's profits by Rs. 21,000 and the increase in the reserve fund and other funds such as education, building and bad-debt funds of Rs. 1 lakh and Rs. 1,63,000 respectively shows that the cautious line adopted by the Registrar in dealing with these banks has been eminently successful. Government trust that the only four central banks which ran at a loss will be thoroughly overhauled and put on a sound basis during the current year.

5. The percentage of collection by central banks from affiliated societies shows a fall from 68·2 to 64·9 per cent. on account of unfavourable harvests. Even so, the percentage is well above the figure of 59 per cent. in 1926. The Muzaffarpur Circle has maintained a percentage of over 87 per cent. while Gaya and Monghyr have fallen to 60 and 61 per cent. Sambalpur shows 81 per cent. Ranchi Circle has the lowest percentage of 43·5. In the case of individual banks the percentage is only 5 and 8 in the case of the Bhagalpur Weavers' Co-operative Stores and the Monghyr Sadr Central Co-operative Union. The first is being wound up and the second reorganized, and Government trust that in future drastic action will be taken against banks which show such bad results.

6. Government have now under consideration the question of increasing the number of Assistant Registrars and giving them smaller circles, so that they may exercise closer and more regular supervision over the societies and the work of the bank staff. They will also consider any proposals which the Registrar may put forward to expedite liquidation proceedings by appointing whole-time liquidators. They understand that such proceedings at present take an inordinate length of time extending in some cases over 10 years and resulting in abnormal swelling of overdues as well as harassment to all concerned. Societies under liquidation are like cancerous growth which should be excised as quickly as possible before the contagion gets time to spread.

7. There has been some improvement in the classification, the number of "model" and "good" societies having increased from 19·6 per cent. to 20·9 per cent. The number of "hopeless" societies, however, shows a slight increase and there is still much room for improvement in the classification. Government trust that the Registrar will take drastic steps against the 11 central banks mentioned in his report, which have allowed a large number of "bad" and "hopeless" societies to develop, as a result of failure to fulfil properly their functions of supervision and control.

8. It is satisfactory to note that as many as 48 banks are now reported to be actively promoting agricultural activities by means of propaganda, demonstration and dissemination of improved seeds and fertilizers. Many of the banks are also taking much interest in the matter of land improvement, irrigation, sanitation and medical relief and the promotion of cottage industries. *Eri*-culture appears to be getting more and more

popular and should prove a very profitable cottage industry in Orissa. In the most important subject of education, however, it is unfortunate that the measure of co-operation received from the district boards has not been at all encouraging. Government hope that the district boards will appreciate more fully the services which co-operative societies are in a position to render to the cause of education and extend their co-operation to them more fully as far as the state of their finances permits.

9. *Agricultural societies.*—The wholesome check on the starting of new societies continued to be exercised, but the general improvement in the state of the co-operative movement enabled 598 new agricultural societies to be started during the year. The share capital showed a satisfactory increase from Rs. 11¾ lakhs to Rs. 13¼ lakhs and reserves rose by Rs. 4¼ lakhs against Rs. 3 lakhs in 1927. Profits amounted to nearly Rs. 4½ lakhs. Excluding therefore a few " hopeless " societies, which are chiefly legacies from the past, the results obtained on the working of the societies in 1928 are very satisfactory and afford ample proof of the vitality of the movement.

10. *Non-agricultural societies.*—The number of these societies increased by four while the working capital increased by nearly Rs. 1¼ lakhs. Profits increased by Rs. 11,000, the total profit earned during the year being Rs. 1,05,000 on a working capital of Rs. 22 lakhs. Deposits by members increased by rupees one and quarter lakhs, while deposits from non-members decreased by about a quarter of a lakh. The working of the non-agricultural societies was thus generally satisfactory.

Amongst the new societies started during the year might be mentioned the Pioneer Co-operative Housing Society, Limited, which has been started to afford relief to middle class people who are experiencing housing difficulties at Patna. The Bhagalpur Electric Co-operative Store was another addition to the number of stores, which is reported to have already proved of great benefit to the members and the general public.

11. *Audit.*—The prescribed percentage of test-audit by Assistant Registrars was not only reached in all circles, but it has been even exceeded. Government note that the Registrar is taking steps to see that not only the prescribed percentage is attained in all cases, but the quality of the work also improves. The 5 per cent. test-audit by Assistant Auditors was inadequate in four circles, while it was barely adequate in two and fully so

only in three circles. Government note that the last Congress has agreed to a slight increase in the audit fee which should enable the prescribed standard of test-audit being attained in future.

12. Since the close of the year, the recommendations made by the Royal Commission on Agriculture in India have been closely examined by Government in consultation with the Registrar, Co-operative Societies, Director of Agriculture Director, Civil Veterinary Department and Director of Industries and Government expect that in future there will be much more collaboration between all these departments of Government resulting in the advancement of rural welfare.

The question of appointing a special committee to advise Government upon certain outstanding questions of importance with regard to the co-operative movement has been postponed on account of the appointment of the Banking Enquiry Committee by the Government of India. The Provincial Banking Enquiry Committee will in course of its enquiries deal with some of these important problems and after its report becomes available, the question of appointing a committee to examine the other outstanding points will be taken up.

13. In conclusion, Government in the Ministry of Education are pleased to record their appreciation of the efficient administration of the department by Rai Bahadur Durga Prashad during the period covered by the report.

Order.—Ordered that the resolution be published in the *Bihar and Orissa Gazette* and that a copy of it, together with a copy of the report, be submitted to the Government of India in the Department of Education, Health and Lands, and forwarded to the Registrar of Co-operative Societies, Bihar and Orissa and to the Appointment Department of Government.

By order of the Government of Bihar and Orissa
(Ministry of Education),

B. K. GOKHALE,

Secretary.